DOCUMENT RESUME

ED 295 057 CE 050 335

AUTHOR	Elliott, Ronald T.
TITLE	South Carolina Guide for Marketing Principles. Marketing Education.
INSTITUTION	South Carolina State Dept. of Education, Columbia. Office of Vocational Education.
PUB DATE	88
NOTE	175p.; For a related document, see CE 050 311.
PUB TYPE	Guides - Classroom Use - Guides (For Teachers) (052)
EDRS PRICE	MF01/PC07 Plus Postage.
DESCRIPTORS	Advertising; Behavioral Objectives; *Competence; Competency Based Education; Course Content; *Distributive Education; Educational Resources; *Job Skills; Learning Activities; *Marketing; *Merchandising; Secondary Education; State Curriculum Guides; Teaching Methods; Vocational Education
IDENTIFIERS	*South Carolina

ABSTRACT

This guide presents a competency-based curriculum for a high school course in marketing. It addresses all three domains of learning: psychomotor, cognitive, and affective. Activities suggested in the guide deal with getting along with others, with supervisors or staff members, and with small or large groups. The guide, which can be used with any teaching methods, is organized in six sections keyed to 57 performance objectives and covering the following topics: describing the concepts of marketing, identifying marketing in a free enterprise economy, using marketing research, preparing the marketing mix, preparing merchandise for marketing, and finding a career in marketing. Each section contains several units promoting the acquisition of competencies needed to meet the performance objectives. Units contains resource lists, teaching activities, information sheets, evaluation questions, and answers to the questions. A bibliography completes the guide. (KC)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED295057

SOUTH CAROLINA
GUIDE
FOR
MARKETING PRINCIPLES

Prepared by

Ronald T. Elliott
Project Coordinator

SOUTH CAROLINA DEPARTMENT OF EDUCATION
Dr. Charlie G. Williams, State Superintendent of Education

Division of Instruction
Sidney B. Cooper, Deputy Superintendent

Office of Vocational Education
Dr. Moody Oswald, Director

South Carolina Department of Education: An Equal Opportunity Agency
Columbia, South Carolina 29201

CE050335

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☑ This document has been reproduced as received from the person or organization originating it

☐ Minor changes have been made to improve reproduction quality

- Points of view or opinions stated in this document do not necessarily represent official OERI position or policy

Copyright 1988

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

BEST COPY AVAILAB

ACKNOWLEDGMENTS

The Marketing Guide was developed to encompass instruction in this important marketing area. We appreciate the contributions of each committee member toward producing a guide that can be used in our state classrooms.

Those instructors who contributed their time and efforts in developing this guide were:

Gail Darley
Stratford High School
Goose Creek, S.C.

Melinda Modica
Stratford High School
Goose Creek, S.C.

Kathy Pinner
Goose Creek High School
Goose Creek, S.C

The South Carolina Department of Education Staff providing assistance and guidance were:

Ellen C. Vaughan
Marketing Education Supervisor

Elizabeth Yergason
Editor

Shirley S. Cullen
Sex Equity Consultant

Barbara Richardson
Word Processor

Those business people who validated the marketing competencies were:

Ronald P. Smith
Marketing Director
Colonial Life Insurance Co.

Glen Allen Rae
Director of Marketing and Sales
Chem-Nuclear Systems, Inc.

TABLE OF CONTENTS

ACKNOWLEDGMENTS ii

INTRODUCTION 1

USE OF THIS GUIDE 2

PERFORMANCE OBJECTIVES

Describing the Concepts of Marketing 3

Identifying Marketing In A Free Enterprise Economy 35

Using Marketing Research 61

Preparing The Marketing Mix 74

Preparing Merchandise For Marketing 97

Finding A Career In Marketing 143

Bibliography 170

INTRODUCTION

This guide addresses all three domains of learning: psychomotor, cognitive, and affective. The following paragraphs give a brief explanation of each area.

Psychomotor

Manipulative skills, such as dressing a store mannequin or placing merchandise items on a store shelf, are representative of activities that are psychomotor in nature.

Cognitive

To perform psychomotor tasks, students must think. To design a window display, for example, the student must select a theme, props, colors, mannequins and other items before assembling the components to form the window display. Before stocking shelves in a store, the student must decide where to put the stock, how much to price it, as well as how much of the stock to place on the shelves.

Students gain cognition through real and vicarious experiences. They may read, view tapes, and memorize or practice a process or procedure until they are certain of it. To test his/her knowledge, a student may be required to decide the proper procedure, method, or sequence for performance. This is cognitive activity (decision making) at its highest level.

Cognition, then, is that process by which information is stored and used. That mental thought that warns one of potential dangers is cognition. Anything that goes on in the mind is cognition. Good thinking can help an employee do a job better and quicker. This guide provides for the cognitive aspects of learning.

Affective

Curriculum writers, supervisors, and instructors should try to assist students in acquiring a positive attitude toward self, job, school and fellow students. This guide seeks to provide assistance to the instructor in this area. It is difficult for the instructor to identify each aspect of desirable behavior for every unit and often harder yet to teach them. In this area, a student might be judged on the housekeeping in the work area, punctuality, and ability to carry out directions. Potential employers are interested in student attitude because an angry or uncertain person is often a poor worker.

By using this guide, the student will have participated in activities dealing with getting along with others, with supervisors or staff members, and large/small groups.

USE OF THIS GUIDE

This guide is designed to provide job relevant tasks, performance objectives, performance guides, resources, teaching activities and evaluation questions in marketing principles. The guide is also designed to be used with any teaching methods you as an instructor may choose. For example, if the lecture/demonstration method is best for you, you will find sufficient help to meet your needs. If you prefer to use discussions or other methods that require student participation, you will find ample help. Regardless of which method is successful for you, this guide can save preparation time and offer innovative methods and procedures. For example, a student may work either alone or on a team while in class and learn skills, in direct relation to what is actually being done on the job.

The use of small groups in teaching can be helpful when many students feel inadequate due to their lack of background information. Some students may also feel that they are physically incompetent or lack the necessary background experiences. A successful program can provide students with a sense of security by reinforcing students to interact on a group level. As students gain confidence and discover that they are an essential part of a team engaged in the learning-teaching process, their confidence increases. Individually, they also learn to work without direct supervision. In addition, use of the small-group method permits the instructor to vary instructional routines away from lecture or other full-class methods to activities for single students, pairs of students, or any number desired.

In this guide, you will find suggestions for specific classroom activities. These activities are not meant to restrict you or your students, but only to offer a variety of learning activities for each task statement.

DESCRIBING THE CONCEPTS OF MARKETING

Competencies

Describe the consumer
Describe the consumer market
Define consumer products (goods and services)
Explain the factors that affect the consumer market
Discuss population characteristics, income, spending patterns, demand patterns - to include: local spending patterns, local characteristics, local income, and national income
Describe the concepts of utilities: time, place, possession and form
Describe buying and selling as exchange activities
Illustrate areas of physical distribution
Identify advertising that support basic buying activities
Discuss and calculate profit
List select factors that affect pricing

UNIT: DESCRIBING THE CONCEPTS OF MARKETING

COMPETENCY: Describe the consumer.

PERFORMANCE OBJECTIVE 1

Given information about basic consumer characteristics, describe the basic elements used to describe consumer segments:
households
age groups
geographic distribution
income
spending patterns.

RESOURCES:

Mason, Rath and Husted. **Marketing Principles and Practices.** Chapter 1.

TEACHING ACTIVITIES:

1. List the characteristics that describe the following consumers:
   a. student
   b. homemaker
   c. business executive
   d. retired couple
   e. new baby
   f. single adult
   g. married couple with two school-age children
   h. married couple with no children

2. Assign the following questions and discuss the answers with small groups:
   1. Give four changes in population characteristics that will probably most affect marketers in the next decade.
   2. What is important to know about disposable income for those who supply the necessities of life-food, housing, and clothing?
   3. From what sources do marketers get information on spending patterns?
   4. What three questions should marketers ask when analyzing income?
   5. Has your geographic area experienced recent population changes? If so, what are they? If no, explain why.
   6. Explain why spending patterns vary at different income levels. Give some examples.
   7. Explain the impact that two-family incomes have had on redefining the U.S. middle class.

PERFORMANCE OBJECTIVE 1

EVALUATION

QUESTIONS:

1. All of the following are consumer characteristics except

   a. households.
   b. income.
   c. spending patterns.
   d. value system.

2. Marketers need to be aware of changes in the characteristics of consumers as they effect product choices because

   a. the consumer market is inflexable.
   b. the marketer who adapts to changes in demand wins the major market share.
   c. the consumer is mobile.
   d. the marketer who appeals to a certain set of characteristics is more productive.

Answers: 1. (d)
2. (b)

PERFORMANCE OBJECTIVE 1

INFORMATION SHEET

Consumer characteristics include the following changing aspects of our economy.

Households. The number of households in this country is increasing even more rapidly than the size of the population. A **household** is a social unit that consists of one or more people, who may or may not be related, living in the same dwelling place. A family, another important population measurement, consists of two or more related people living together. Keeping informed of the growth in household in the United States is important for marketers, because the markets for consumer goods and services, such as home furnishings, electrical appliances, heating and air conditioning systems, are more closely related to the number of households in the country than to the number of people. An increase in the number of households means an increase in sales opportunities.

Age Groups. A change is coming over the population of the United States. For years the "youthquake" dominated this country's culture and its marketing attitudes. Now, slowly but surely, the average age of Americans is creeping up from around 30.9 years in 1983 to 35 by the year 2000. There are two major reasons for this upward age swing: first, people are living longer (mostly because of advances in medicine), and second, each year the birth rate has declined. See Table 6-2.

For the first time in U.S. history, there are more people ages 65 and over in the population than there are teenagers, and by 1990 the number of older citizens is expected to surpass 31 million. In the meantime, the teenage population is expected to shrink to 23 million.

Geographic Distribution. Americans move often and in great numbers, and this trend is expected to continue. In general, the population is moving away from the central part of the country and toward the sunbelt states, which are growing four times faster than the rest of the country. Also, people are moving away from the larger cities to the suburbs and nonmetropolitan areas from 75 to 100 miles outside the major cities. Except for the northeast and parts of the midwest, our cities are still growing, but for the first time in many years they are growing less rapidly than the nonmetropolitan areas around them.

Income. To be a customer, a person must have money to spend. This money is usually referred to as **income,** which is money received or earned. In marketing, income is divided into four types: national, personal, disposable, and discretionary.

> **National income** is the money measurement of the annual flow of goods and services in a nation. National income consists of income such as employee earnings and corporate profits.
> **Personal income** is the amount of money that a person earns or receives before any taxes are deducted.

PERFORMANCE OBJECTIVE 1

Disposable income is the amount of money that people have for spending and saving. It is the money they have left after paying taxes.

Discretionary income is the amount of money that people have left to spend as they choose after they have paid for the basic costs of living. Thus, discretionary income is disposable income minus the money spent for such necessities as food, shelter, clothing, transportation, and medical expenses.

Spending patterns. Once marketers know roughly the size of the market they want to serve and the amount of money the customers in it have, the final question marketers need to answer is, "How are they likely to spend their money?"

The different ways groups of people spend their money are **spending patterns.** Marketers get information on spending patterns from a number of sources: magazine and newspaper surveys, advertising company surveys, research organizations, and--perhaps most important--the federal government. The federal government collects enormous amounts of data, analyzes them, and makes the results of the analyses available to anyone who wants them. United States census data is one such example which is heavily used by marketers.

Marketers find two kinds of spending pattern reports especially useful. One examines spending according to income levels and shows how people with different incomes spend their money. The other examines spending over a period of time and traces the way some products gradually get more of the customer's dollar while others gradually get less.

UNIT: DESCRIBING THE CONCEPTS OF MARKETING

COMPETENCY: Describe the consumer market.

PERFORMANCE OBJECTIVE 2:

Given basic consumer characteristics, describe the importance of segmenting the American consumer market.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing.** Chapter 2.

TEACHING ACTIVITIES:

1. Assign the following for class discussions:

   Name a product or service that is purchased primarily by or for people in each of the following age groups.

   Infants:____

   Children:_______________________________________

   Teenagers:______________________________________

   Young adults:____________________________________

   Younger middle-aged adults:__________________________

   Older middle-aged adults:____________________________

   Senior adults:___________________________________

2. Assign the following for class discussion:

   a) Why do spending patterns vary at different income levels? Give two examples.

   b) What do the marketers who supply the necessities of life - food, housing and clothing - want to know about disposable income?

PERFORMANCE OBJECTIVE 2

EVALUATION

QUESTIONS:

1. Segmentation is useless if, when serving its customers, a business cannot earn a

   a. profit.
   b. share.
   c. bond.
   d. location.

2. From a marketer's point of view, the problem of reaching consumers in rural areas points out the concept of

   a. economy.
   b. imminent domain.
   c. reachability.
   d. supply and demand.

Answers: 1. (a)
2. (c)

PERFORMANCE OBJECTIVE 2

INFORMATION SHEET

The purpose of dividing the consumer market into segments is to reach buyers in the most efficient manner. Almost any factor that distinguishes consumers can be used to segment the market.

In order for market segments to be useful, they must meet criteria based on size, reachability, and responsiveness to a company's marketing program.

Size. A market segment must be large enough and have sufficient purchasing power to generate a profit for a firm. Segmentation is useless if a business cannot earn a profit by serving its selected market segments. Sometimes it is possible to treat each buyer as a segment and still earn a profit. This occurs with large purchases such as passenger airplanes or heavy equipment. Most of the time, however, a company must determine if there are enough potential customers to justify treating a group as a separate market segment. For example, two consumers may inform a company that they want toothpaste with a particular flavor. If they are the only consumers who want that flavor, sales will not justify spending the money to develop the product.

Reachability. In order to be profitable, a firm must be able to reach the selected market segment. This means that the segment must be accessible through existing channels of distribution and that the people included in the segment can be exposed to advertising for the product or service. For example, people in rural areas usually have different clothing needs from those living in urban areas. Because it is difficult to reach rural areas through its usual channel of distribution, however, a clothing manufacturer may decide that it is not profitable to sell to this segment.

Responsiveness. When compared with other market segments, a specific segment should respond differently to changes in the marketing of a product or service. If the response does not differ, there is no need to treat it separately. For example, consumers may be grouped into segments according to preference for cars in various price ranges--low price, medium price, and premium price. Assume that a company adds a low-priced car to its line, the low-price segment is responsive if its members purchase the car, but people in the other two segments do not buy it. Consumers in the low-price segment then will continue to be treated as a distinct group. However, if the low-price consumer group does not respond to low-priced car, then that segment will have to be redefined or combined with another segment.

UNIT: DESCRIBING THE CONCEPTS OF MARKETING

COMPETENCY: Define consumer products (goods and services).

PERFORMANCE OBJECTIVE 3:

Given information from class discussion, define the concept of consumer product/service.

RESOURCES:

Lynch, Ross and Wray. **Introduction to Marketing,** Chapter 5.

TEACHING ACTIVITIES:

1. Assign the following for class discussion:
    a. Using only one tangible consumer product, explain a consumer purchase situation in which your product is a convenience, shopping, specialty, and unsought product.

    b. Assume that you own and manage a retail business that sells consumer products that could be convenience, shopping, specialty, or unsought. Describe your type of business and explain the marketing strategies you use to appeal to consumers for each product category.

EVALUATION

QUESTIONS:

1. A consumer product is determined to be so by its
    a. use.
    b. flexibility.
    c. profit.
    d. shape.

2. A separate and intangible activity which satisfies customer needs is called a consumer
    a. product.
    b. good.
    c. service.
    d. behavior.

Answers: 1. (a)
2. (c)

PERFORMANCE OBJECTIVE 3

INFORMATION SHEET

A **consumer product or good** is an item that is purchased by a consumer for personal use and satisfaction. The use of the product is the determining factor that makes it a consumer product. A truck may be used to transport home and lawn care items such as firewood and mowers; a stereo system is used to enjoy pleasing sounds and improve the home environment; golf shoes may help a consumer make better shots; and pancake syrup is purchased for eating pleasure at home. These are simple examples that have important implications for marketers of consumer products. In every situation, the consumer's perception of potential satisfaction is the target of the product's benefits. This idea is consistent with our previous discussions of consumer behavior and market segmentation.

A **consumer service** is a separate and intangible activity which satisfies customer needs, but is not necessarily tied to the sale of a physical product. Consumer services are intangible. That is, they cannot be seen, heard, smelled, touched or tasted. Quality can usually be determined only after it has been purchased and performed. Some measure of quality can be obtained by checking references or seeing the results performed for others. Services are also perishable; they can only have value at the time they are performed. Usually consumer services are not standardized; they vary from individual to individual. An example is a haircut; the same hair stylist will try to individualize the haircut to a number of customers. Finally, consumer services are always personal; they usually are transactions between buyers and sellers.

UNIT: DESCRIBING THE CONCEPTS OF MARKETING

COMPETENCY: Explain the factors that affect the consumer market.

PERFORMANCE OBJECTIVE 4

Given information from class discussion, explain the various factors that affect the American consumer.

RESOURCES:

Lynch, Ross and Wray. **Introduction to Marketing,** Chapter 1.
Mason, Rath and Husted, **Marketing Practices and Principles,** Fourth edition. Chapter 1.

TEACHING ACTIVITIES:

1. No single brand is purchased by all consumers, and no single marketing strategy is best in all situations. Do you agree or disagree with this statement? What are your reasons?

2. Assume that you are the manager of a fastfood restaurant such as McDonald's or Burger King. Describe several characteristics that your customers might have that cause them to like your product and services.

EVALUATION

QUESTIONS:

1. Consumer products are purchased for

   a. industrial use.
   b. personal use.
   c. medical use only.
   d. use on pets only.

2. A person who purchases a calculator for home use is part of

   a. the stock market.
   b. the consumer market.
   c. the industrial market.
   d. the commodities market.

Answers: 1. (b)
2. (b)

PERFORMANCE OBJECTIVE 4

INFORMATION SHEET

All people are consumers and are part of the consumer market. The **consumer market** is made up of people who buy products and services for personal use and satisfaction. The idea of personal use includes products and services consumed by a family, household, or other consumer group. The important criterion in determining which type of market one is dealing with is the consumer's reason for the purchase. For example, a person who purchases a calculator to use at home for personal recordkeeping is part of the consumer market for calculators. In this situation, the calculator is a **consumer product** because it was purchased by the consumer for personal use. If that same calculator were purchased by a businessperson for use in an insurance office, it would be used in the industrial market and would require a somewhat different marketing strategy.

There are several consumer behavior characteristics that are particularly important to the marketers of consumer products. Consumers are problem solvers. When they recognize a problem, they want to find a product that will solve it satisfactorily, quickly, and as efficiently as possible. Consumers usually buy products in small quantities. They seldom build big inventories of one product, although marketers effectively encourage large quantity purchasing at times with pricing strategies. As a general trend in the United States, consumers shop in small groups of family and friends. Personal advice from members of these groups and from experts in a product category is often very influential. Although mail and telephone orders are common ways of buying consumer products, most consumers select products by touching them, looking at them, and using them in demonstration or during trial periods.

The consumer market is the largest in terms of number of members. Although some marketers may try to appeal to all consumers, no single brand of product satisfies the entire market. The consumer market has so many different characteristics and influences that marketers usually attempt to reach only parts of it. To get a feel for the complexity of this market, consider the differences in consumers' ages, geographic locations, education and occupation, and lifestyles.

CONSUMER AGES

People within a certain age group have many buying needs in common. Thus the age group as a whole creates a specific market demand - and becomes a distinct market segment. For example, all babies need diapers, special foods, and clothing; people over age 65 tend to use more medicine and other health care products than do younger people. Some manufacturers concentrate their entire production on a single age group. For example, most children's clothing is made by firms such as Carter's and Healthtex, that specialize in children's clothing. Considerable time is spent planning and promoting products for certain age levels. A slogan like "For those who are mature enough to appreciate the best" is obviously aimed at older adults.

Marketers generally divide the consumer market into five age groups: (1) children, 0-12; teenagers, 13-19; young adults, 20-29; middle age, 30-64; old age, 65 and older.

PERFORMANCE OBJECTIVE 4

GEOGRAPHIC LOCATIONS

Every change in the geographical location of the population produces at least one change in the consumer market. If you moved from the northeast to the west coast, there would be one less consumer in the northeast and one more consumer in the west. And because people in the northeast buy more overcoats and rainwear than do people in the west (it is generally colder and wetter in the northeast), your moving away would mean a slight rise in the size of the potential market demand for barbecue equipment.

Some national magazines such as **Newsweek** and **Time** publish separate editions for different geographic market segments. These separate editions help advertisers such as a barbecue manufacturer to aim messages, for example, to the western market segment and to avoid advertising in nonmarket areas.

EDUCATION AND OCCUPATION

Today more people are going to school than ever before, and they are attending for longer periods in their lives. In fact, education has become a life-long process. Schools and businesses offer courses not only to improve job skills but also for self-improvement. The courses offered range from astronomy to zoology. To the marketer increased interest in education means that more people may need and want a larger variety of goods and services such as books, photographic equipment, sailboats, foreign travel, gourmet food, and summer homes.

People in certain occupations form ideal segments for related goods and services. Doctors need medical instruments, tennis pros need racquets and tennis shoes, and tradespeople such as electricians and plumbers need tool kits. Many occupations call for a special uniform, and others require reading materials or research equipment. The marketers of career-related goods and services keep track of possible customers according to their occupations. A publisher of architectural magazines, for example, would maintain up-to-date mailing lists of architects who belong to the professional organizations for their field.

LIFESTYLES

Markets are also segmented according to **lifestyle,** which is an individual's typical way of life. Lifestyle segmentation takes into account the individual's place in the family life cycle and his or her attitudes and values.

Part of an individual's lifestyle is determined by where that person is in the family life cycle, or stage of life. Marketers use the idea of the life cycle when segmentation by age and sex are not enough. For example, women with families need to buy different kinds of cooking utensils and household appliances than do women the same age living alone.

UNIT: DESCRIBING THE CONCEPTS OF MARKETING

COMPETENCY: Discuss population characteristics, income spending patterns, and geographic location segments of consumers.

PERFORMANCE OBJECTIVE 5:

Given class discussion, describe and/or discuss the demographic characteristics of consumers to include population, income, and geographic location.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing.** Chapter 6.

TEACHING ACTIVITIES:

1. Select a town or section of a large city and complete a demographic profile of a selected sample of the target population.

2. Select a store, a shopping center or mall and conduct a demographic survey of the people who shop there. Compare the surveys from different areas and analyze the results.

EVALUATION

QUESTIONS:

1. The number of people in a market indicates

   a. business profits.
   b. discretionary income.
   c. where the future business will be.
   d. how many will be demanding products and services.

2. Income for purchases a consumer can make after paying for necessities is called

   a. discretionary.
   b. real.
   c. potential.
   d. actual.

Answers: 1. (d)
2. (a)

PERFORMANCE OBJECTIVE 5

INFORMATION SHEET

Marketers should then learn to study and measure the demographics within their identified markets. We shall look now at the most commonly used demographic variables: population, income, and geographic location.

Population. Marketers are interested in population numbers and trends. The number of people in a market suggests how many will be demanding products and services. For the marketer, a steadily increasing population would be ideal. The population of the United States is over 220 million and is predicted to reach 245 million by 1910. Marketers like a high birthrate because babies mean new consumers and new business. Actually, the rate of population growth has been decreasing because of a lower birthrate. Several factors have contributed to the declining birthrate: fewer marriages, increased acceptance of birth control, and the changing role of women in society. Some analysts predict continued population growth in the United States because of increased immigration and a decline in the death rate. If the rate of population growth decreases in a specific market, marketers can no longer rely on significantly increasing numbers to cause higher sales and profits.

Income. Because people with purchasing power are good potential buyers, income is a common basis for segmenting markets. Marketers often aim their products at specific income levels: high, middle, and low. Although the classes have never been officially defined, the groups in the United States can be described as those families with incomes between the following Census Bureau brackets:

Low - $ 0 to 14,999 income per year;
Middle - $15,000 to 49,999 income per year; and
High - $50,000 and more income per year.

The middle-income market is a significant one for marketers. Marketers can respond by upgrading the quality of products, offering additional services, and offering more luxury items. In spite of inflationary pressures, the consumer's **real income** (the total purchasing power of income) has been increasing. This means more discretionary purchasing power for the typical household. **Discretionary purchases** (sports cars, fashion clothing, recreation, and vacations) are purchases a consumer can make after paying for necessities. Marketers need to study consumer spending patterns as well as the distribution of income. The important trend for marketers to recognize is the effect on behavior when more money is available after necessities are purchased.

PERFORMANCE OBJECTIVE 5

Geographic Location. Geographic location may be a basis for segmentation by itself, but it is useful as a demographic measure as well. Marketers realize that a population is not evenly distributed throughout a market and that consumer behavior is affected by where a consumer lives. These ideas were presented in the earlier section on geographic segmentation in this chapter. The additional ideas that are important relate to the geographic movement of population. For example, approximately 12 to 15 percent of Americans move each year. Each move creates new market demands and consumer decisions that have to be made in a short time. New marketers have to be found by the consumers for household goods, food, services, and clothing. Consumer movement tends to reflect changing lifestyles and values. For several years in the United States, consumers have been moving from colder climates to warmer areas, from rural to urban areas, and from the central city to the suburbs. More recently, there has been some movement back to the central city with its improved recreational and cultural opportunities. Some movement to rural areas and small towns is evidence, and this suggests consumer interest in more natural and simpler lifestyles.

UNIT: DESCRIBING THE CONCEPTS OF MARKETING

COMPETENCY: Describe the concepts of utilities: time, place, and possession.

PERFORMANCE OBJECTIVE 6

Given class discussion and information, describe the concepts of utilities to include time, place, possession and form.

RESOURCES

Lynch, Ross and Wray. **Introduction to Marketing.** Chapter 2.

TEACHING ACTIVITIES

Assign the following for class discussion:

1. Select an item that can be demonstrated such as a book, pen, grooming aid, gloves, or hat. Search through the library to learn how this item was marketed, when it first appeared, and how it is processed and marketed today. Prepare a chart that shows the marketing activities that take place today for this product as compared with the past. Using your chart, discuss your findings in an oral report.

2. Select an established product in one of your local retail stores. After preparing an example like the one below, list and explain the utilities added to the product as it moves from the factory to the retailer.

Product Name	**Utility Added**
Example: Ice cream bars	Form utility -- Production, creates ice cream from milk, sugar, and other materials.

PERFORMANCE OBJECTIVE 6

EVALUATION

QUESTIONS:

1. Economists call the power to satisfy human needs and wants by which term?

   a. Demand
   b. Utility
   c. Supply
   d. Equilibrium

2. Goods available in the right place is an attribute of which utility?

   a. Place
   b. Time
   c. Possession
   d. Form

Answers 1. (b)
2. (a)

PERFORMANCE OBJECTIVE 6

INFORMATION SHEET

Marketing adds value to a product or a service. It puts the product or service in a place where you can buy it at a time when you want it. Through exchange processes, it puts the product in your possession. Economists refer to this added value as **utility**, which is defined as the power to satisfy human needs and wants. There are three types of utility, and marketing plays an important role in creating each place, time, possession, and form.

Place Utility. This is provided when products or services are available in the right place. Through a seemingly complex system of transportation, refrigeration, and storage intermingled with warehousing, wholesaling, and retailing, marketing provides products and services at the places needed and wanted by customers. Thus, beef grown in Wyoming can be eaten by residents of Hawaii. Hawaiians can reciprocate by sharing their pineapples with people in Wyoming.

Time Utility. This is provided when products and services are available at the time when they are needed. People want candles at holiday times, a flight at a time when they need to go somewhere, and special presents for special occasions. Marketers create time utility as they adjust inventories and employees to assure that products or services are available in the right location and at the time when they are needed.

Possession Utility. This refers to the transactions necessary to ensure that transfer of ownership and the legal use of the product or service are provided. Marketers arrange for credit, cash exchange, installment buying, contracts, and other means to ensure possession.

Form Utility. The production processes add this to materials to increase their usefulness to a consumer. As an example, steel, glass and chrome are converted into an automobile, which is far more useful to consumers than the raw materials.

In effect, marketing makes products and services more usable, attractive, convenient, comfortable, and accessible for the consumer by providing form, place, time, and possession utility.

UNIT: DESCRIBING THE CONCEPTS OF MARKETING

COMPETENCY: Describe buying and selling as exchange activities.

PERFORMANCE OBJECTIVE 7:

Given class discussion and information, describe the basic functions of buying and selling as exchange activities.

RESOURCE:

Stull and Hutt. **Marketing: An Introduction,** Chapter 2.

TEACHING ACTIVITIES:

1. The Pillsbury Company has a saying that "Nothing happens until a sale is made." What does this mean in terms of the company's attitude toward marketing?
2. Identify the three categories of marketing activity. What does each involve?
3. Explain what is meant by *value-added*. Why is it important?

EVALUATION

QUESTIONS:

1. The act of getting the right kinds of services and products needed is called

   a. buying.
   b. selling.
   c. promoting.
   d. financing.

2. The goal of every business centers on

   a. making every employee happy.
   b. producing all the products they can.
   c. selling of its products or services.
   d. transporting of all its products.

Answers: 1. (a)
2. (c)

PERFORMANCE OBJECTIVE 7

INFORMATION SHEET

The marketing process can be divided into tasks, called marketing functions, which are performed as products and services flow from producer to customer. The marketing functions include buying and selling.

Buying is the act of selecting and obtaining the kind, quality, and quantity of products and services that are needed. Every business does some buying. Wholesalers need goods for retailers to buy. Retailers need goods for their customers to buy. Manufacturers need equipment, raw materials, and supplies to make finished products. Service businesses need supplies to operate from day to day. For example, dry cleaners use various fluids to clean clothing and draperies. Insurance agents use file cabinets, stationery, office supplies, and microcomputers. Farmers need seed, fertilizer, and harvesting equipment.

Buying involves more than simply choosing needed products and services. It also means making decisions on quality and quantity. The right quality is not necessarily the highest quality. For example, a furniture manufacturer will use high quality wood to make fine furniture that people will buy for their homes. Low quality wood, however, is used to reinforce the cartons for shipping the furniture to stores.

Companies must also buy the correct quantities of goods and services. A restaurant must buy enough meat to feed the expected number of guests. An auto assembly plant must have sufficient tires for the number of cars it is producing.

Selling includes seeking markets and then making products and services available to those markets. The goal of every business is to sell its products or services. Automakers must sell their cars, restaurants must serve (sell) meals, and beauty salons must sell hairdressing services.

Selling is essential to speculative production; that is, selling is necessary for goods that are produced before they are ordered by customers. Manufacturers, wholesalers, and retailers must estimate their expected sales of merchandise in order to determine the quantity that should be produced or ordered. For example, manufacturers produce their swimsuit lines during the fall and winter months. Retail stores, in turn, must place their orders before the swimming season starts so that they will have swimsuits available when customers want to buy them in the spring and summer months. Both manufacturer and retailer must estimate in advance how many swimsuits they will sell.

Customers must then be informed of the goods and services available in stores. This is accomplished by various means designed to promote products and services. Promotion informs customers of goods and services and helps persuade them to purchase these offerings. Promotion can be divided into personal selling, advertising, visual merchandising, sales promotion, and public relations or publicity.

UNIT: DESCRIBING THE CONCEPTS OF MARKETING

COMPETENCY: Illustrate areas of physical distribution.

PERFORMANCE OBJECTIVE 8:

Given classroom discussion and information, the importance of physical distribution will be described to include common carrier, contract carrier, private carrier.

RESOURCE:

Mason, Rath and Ross. **Marketing Principles and Practices,** Chapter 5.

TEACHING ACTIVITIES:

1. The product itself influences the manufacturer's choice of a distribution channel. For each product listed on the form below, place a check mark in the appropriate column or columns to indicate those aspects of its nature to be considered in selecting a channel of distribution.

			Nature of the Product	
Product	**Perishability**	**Value**	**Size and Weight**	**Service Required**
Example: Cabbage				
Coal				
Diamond ring				
Lubricating oil				
Typewriter				
Cola syrup				
Carpeting for a department store				

PERFORMANCE OBJECTIVE 8 (Continued)

2. Assign the following for class discussion:
    a) Explain what is meant by the length of a channel of distribution.

    b) How does the location of buyers help determine the marketing of a product?

EVALUATION

QUESTIONS:

1. A transportation company that provides equipment and services to any shipper for a fee is called

    a. common carrier.
    b. contract carrier.
    c. private carrier.
    d. commercial carrier.

2. A baking company that uses company trucks to deliver its bread is considered a

    a. common carrier.
    b. contract carrier.
    c. private carrier.
    d. commercial carrier.

Answers: 1. (a)
2. (c)

PERFORMANCE OBJECTIVE 8

INFORMATION SHEET

A company that transports goods between the producer and the consumer or industrial user is called a carrier. There are three types of carriers: common, contract, and private.

A **common carrier** is a transportation company that provides equipment and services to any shipper for a fee. The company takes full responsibility for the safe arrival of the goods. Some common carriers haul all kinds of goods. Other common carriers specialize in a single kind of good or a related group of goods. Some cross state lines; others do not. Common carrier specialities might include fresh vegetables, grain, or liquid petroleum. Planes carry passengers, freight, and mail.

A **contract carrier** is a company that rents transportation equipment to other companies for specified lengths of time. A contract carrier is often responsible for servicing and maintaining the equipment it provides. However, the company that rents the equipment is responsible for the goods being transported. Some contract carriers rent on a short-term, one time basis. Others work so closely and for so long with a company renting their equipment that they almost become part of that company.

A **private carrier** is a transportation facility owned and used by a firm to transport its products. A baking company that delivers bread in company trucks is using a private carrier. A mining company that ships ore in its own barges is using a private carrier.

Each type of carrier has advantages and disadvantages for the marketer. A large company that transports a lot of freight all the time may prefer to buy and operate its own transportation equipment. A smaller company with a special kind of product to ship may rent special transportation equipment from a contract carrier on a regular basis. Still another company may find it most economical to ship its goods via a common carrier.

Many marketers use a combination of transportation methods. They may own and use a small fleet of trucks for local shipments and rent trailer trucks from contract carriers for long hauls. They may also send some shipments by rail and some by air or water.

UNIT: DESCRIBING THE CONCEPTS OF MARKETING

COMPETENCY: Identify advertising that support basic buying activities.

PERFORMANCE OBJECTIVE 9:

Given classroom discussion, state examples of advertising that supports basic buying activities. Basic buying activities will be identified and discussed to include the effects of advertising on consumers.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing.** 1984.

TEACHING ACTIVITIES:

1. Given an advertisement that shows the price of one of more products, identify the factors that may have influenced price.

2. Select a newspaper or magazine advertisement in which prices of products are included. Use the following questions to guide your analysis of influences on price.

   Is this a price change? Higher or lower?
   How are cost factors involved?
   How is this marketer meeting competition?
   Is fashion an influence?
   Is the time of the season a factor?
   How are supply and demand involved?

3. Assign students to select ten advertisements that demonstrate different examples of the purposes of advertisikng, to include the purposes listed in the information sheet.

PERFORMANCE OBJECTIVE 9

EVALUATION

QUESTIONS:

1. Which of the following is not a major purpose of advertising?

   a. Increase sales of goods and services
   b. Educate consumers
   c. Transmit information
   d. Entertainment

2. Which of the following would exist without advertising?

   a. Newspapers
   b. Magazines
   c. Television
   d. Technical journals

Answers: 1. (d)
2. (d)

INFORMATION SHEET

Advertising is an important part of the promotional mix. It is important to the total marketing effort of a business because it aids the movement of goods and services along the channels of distribution. Thus, one of the major purposes of advertising is to stimulate demand and increase sales of goods and services at all levels in the distribution process.

In addition to stimulating demand and increasing sales, advertising also serves several other major purposes. Advertising serves an educational purpose; people learn from advertising. They find out what products and services are available and what they will do or how they function. Advertising relates the benefits of these products and services and explains how they will improve people's lives.

Advertising also serves an important social purpose. It is indirectly responsible for the high standard of living enjoyed by many people in the United States. By stimulating demand, advertising promotes the sale of more goods and services. This translates into increased employment opportunities and thus increased income or wages that can be spent on goods and services. This increase in consumption results in a higher standard of living.

Finally, advertising is a major contributor to the communications process. One of its basic functions is the transmission of information. Advertising not only communicates information about new products and services and their uses but also other essential information contained in telephone directories, newspaper classified advertisement, and legal notices. Without advertising, newspapers, magazines, radio, and television would not exist in their present forms because advertising is their primary source of income.

In addition to these major purposes, advertising also serves a number of related but more specific purposes including the following:

1. Producing immediate sales of products or service;
2. Increasing the quantity purchased by those who are already buyers of the products or services;
3. Promoting the purchase of more than one unit of a product or service at a time;
4. Appealing to those who do not yet buy a product or service;
5. Familiarizing consumers with the uses of products or services;
6. Stressing the exclusive features of products or services;
7. Introducing new styles to the marketplace;
8. Getting customers to come into a business;
9. Preparing the way for a personal selling program;
10. Increasing sales during the off season.

Advertising efforts are undertaken by producers as well as by the various intermediaries along the channels of distribution.

UNIT: DESCRIBING THE CONCEPTS OF MARKETING

COMPETENCY: Discuss and calculate profit.

PERFORMANCE OBJECTIVE 10:

Given class discussion and information, describe the concept of profit as it relates to American business.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing,** Chapter 11.

TEACHING ACTIVITIES:

1. Invite a local business owner to the class to discuss the subject of profit. Ask him or her to describe all the many costs that are involved in doing business in our society.
2. Using a case situation, calculate the profit or loss of a business.
3. Discuss fixed and variable costs. Construct a chart classifying the cost for a business.

EVALUATION:

QUESTIONS:

1. Compute the net profit:

   Gross profit = 59,050
   Expenses = 38,700
   Income taxes = 3,350

   a. 17,000
   b. 20,350
   c. 42,050
   d. 55,700

2. After all the expenses of operating a business are paid, the remaining amount is known as

   a. income.
   b. revenue.
   c. taxes.
   d. profit.

   Answers: 1. (a)
   2. (d)

34

PERFORMANCE OBJECTIVE 10

INFORMATION SHEET

In the U.S. economic system, most businesses are formed with a primary goal of making a profit. After all the expenses of operating a business are paid-- such as raw materials, cost of merchandise that is resold, labor, rent, utilities, equipment, supplies, taxes, and so on--the remaining amount, known as **profit**, is the owner's to do with as he or she pleases. The opposite is loss. A **loss** is incurred when the expenses of the business are greater than the sales. In order to make a profit, businesses must offer products or services that are needed and wanted by customers or consumers. There must be a demand for the products or services being offered for sale. This is where marketing plays such a vital role.

Marketing identifies the needs and desires of consumers for products and services, provides information for new and improved products and services, informs customers and consumers about the many diverse products and services available, determines appropriate prices, and places the products and services where they are needed and wanted. These marketing activities should result in an increased standard of living for members of society and, if done successfully, result in a profit for the owners of businesses that offer the products and services for sale.

The basic financial information about a company is found in many places. However, the basic profit and loss data of a company is contained in one statement that is of interest to the marketer: the income statement.

A summary of the revenue and expenses of a company over a period of time is an income statement. It is also called an "operating statement" or a "profit and loss statement." In some companies, an income statement is prepared every three months; in others, it is prepared only at the end of the company's financial year.

The marketer must figure out which expenses are directly affected by sale and which are not.

Fixed cost are expenses that stay the same regardless of sales. They may include administrative overhead, rent, and expenses for janitorial services.

Variable cost are expenses usually directly affected by sales. These may include selling expense, advertising and promotional expense and delivery expense.

PERFORMANCE OBJECTIVE 10

INFORMATION SHEET (Continued)

An income statement for Elliott Small Engines, Inc., for the month of June appears below. The data for the income statement is expressed by the following formulas: net sales - cost of goods sold = gross margin. Gross margin - expenses = income before taxes. Income before taxes - income taxes = net income. Net income (or profit) for Elliott Small Engines was $17,000 in our example.

Elliott Small Engines, Inc.
Income Statement
For the Month Ending on June 30, 19XX

		AMOUNT (DOLLARS)
Sales revenue		179,050
Cost of goods sold		-120,000
Gross margin (gross profit)		59,050
Expenses:		
Administrative overhead	15,300	
Promotion	4,800	
Depreciation on tools and equipment	1,300	
Interest expense	3,600	
Commissions	10,000	
Transportation	700	
Insurance	1,000	
Warehousing	2,000	
Total expenses		-38,700
Pretax earnings (profit)		20,350
Income taxes		-3,350
Net income (net profit)		17,000

UNIT: DESCRIBING THE CONCEPTS OF MARKETING

COMPETENCY: List select factors that affect pricing.

PERFORMANCE OBJECTIVE 11:

Given class discussion and information, discuss markup and cost plus pricing.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing,** Chapter 11.

TEACHING ACTIVITIES:

1. Why is cost oriented pricing often a good starting point for setting price? What are the possible disadvantages for marketers who rely on a cost oriented strategy?

2. Why do buyers react to price increases and decreases in different ways? Describe some typical reactions.

3. Service marketers use many of the same pricing strategies and techniques that are used by product marketers. Explain why service marketers face special challenges in the pricing of services.

EVALUATION:

QUESTIONS:

1. The simplest pricing strategy a retailer can use is

   a. budget plus pricing.
   b. budget less pricing.
   c. markup pricing.
   d. cost plus pricing.

2. Cost plus pricing cannot be used in which of the following situations?

   a. Retailers
   b. Service marketers
   c. Manufacturers
   d. Construction of stores

Answers: 1. (c)
2. (d)

PERFORMANCE OBJECTIVE 11

INFORMATION SHEET

When a **cost oriented pricing** strategy is used, all costs for acquiring or manufacturing the merchandise, all service costs, and all overhead costs are computed first. Then the desired profit margin is added to determine the price. The two most common techniques of cost oriented pricing are markup pricing and cost plus pricing.

Markup Pricing. The pricing technique traditionally used in retail business is markup pricing. This is the simplest pricing technique. The retailer adds a preset percentage of the cost to each item to determine the retail price. If a retailer is able to buy a candy bar for 20 cents and needs to charge a 25 percent markup on cost to realize a profit, the selling price of the candy bar would be 25 cents (20 cents x 0.25 = 5 cents markup; 20 cents costs + 5 cents markup = 25 cents retail price).

Cost Plus Pricing. A technique similar to markup pricing is cost plus pricing. This involves taking a basic cost figure and adding an amount to cover profit and other unassigned costs. The difference between the two techniques is the sophistication of the cost plus technique. Cost plus pricing is used in manufacturing situations in which the cost of producing a single unit of any product may vary according to the number of units ordered and sometimes according to the capacity of the manufacturing plant to handle the order at any one time. Basically, if the order is larger, the unit cost is smaller because fixed costs can be spread among more individual units. Plant capacity can come into play in particularly slow or particularly good periods. If the peak production season is over and production workers might otherwise be idle, the manufacturer can offer a relatively low price because the work is both needed and easy to accommodate. However, if a rush order arrives during the peak season, when the plant is working at capacity, the price may be higher because additional workers will have to be hired or existing workers will have to be paid for overtime work. The sophistication of cost plus pricing in manufacturing often dictates that prices be determined with the aid of a computer. However, cost plus pricing is a frequently used technique in marketing. Retailers and service marketers use it as a basis for setting prices.

Services are priced differently because of their nature; there is no preset cost of the item. The cost of producing the service must first be computed, then a cost plus a percent or a fixed fee is a simple way to price services. However, this is a different pricing process from a cost plus pricing for a product.

IDENTIFYING MARKETING IN A FREE ENTERPRISE ECONOMY

Competencies

Discuss economics as it relates to marketing
Define an economic system to include a discussion of free enterprise
Discuss the role of individuals in the economic flow
Discuss the role of business in the economic flow
Discuss the role of government in the economic flow
Discuss entrepreneurship and explain its role in marketing
List and explain the characteristics of the free enterprise system
List the major forms of ownership and the advantages and disadvantages of a sole proprietorship; the advantages and disadvantages of a partnership; the advantages and disadvantages of a corporation

UNIT: IDENTIFYING MARKETING IN A FREE ENTERPRISE ECONOMY

COMPETENCY: Discuss economics as it relates to marketing.

PERFORMANCE OBJECTIVE 12:

Given classroom information and discussion, discuss the role of marketing in our economic system. Marketing and the American economic system will be discussed to include free enterprise.

RESOURCE:

Mason, Rath and Husted. **Marketing Principles and Practices,** Fourth edition, Chapter 40.

TEACHING ACTIVITIES:

1. Assign the following project:
   Competition is essential in the modified free enterprise system. Prepare a list of these products in the left-hand column: (a) automobile, (b) felt tip pen, (c) cereal, (d) shoes, (e) radio, (f) shampoo, (g) soda, (h) wristwatch. List in the right-hand column the names of at least five manufacturers of each product.

   Product **Names of Manufacturers**

2. Assign the following for class discussion:

   a) Identify the effects of competition on buyers and sellers.
   b) Explain why profit is an essential part of the modified free enterprise system.

PERFORMANCE OBJECTIVE 12

EVALUATION

QUESTIONS:

1. Free enterprise is a system in which most of the economic decisions are made by

    a. consumers.
    b. business owner.
    c. workers.
    d. government.

2. In a modified free enterprise system, a few of the economic decisions are made by

    a. government.
    b. consumers.
    c. workers.
    d. economics.

Answers: 1. (a)
2. (a)

PERFORMANCE OBJECTIVE 12

INFORMATION SHEET

The way a nation chooses to use its resources--both manufactured (such as a record player) and natural (such as coal)--to produce and market goods and services is called an **economic system**, or **economy.**

Resources are means to accomplish a goal, and each nation has a variety of resources. Wages and salaries are a means of buying goods and services. Productive resources are means of producing goods and services. Productive resources include natural resources, the labor force, and the manufactured items used in production, such as tools, machinery, and buildings. Another important productive resource is capital, money used to finance production.

Any nation's productive resources have limits. Each country has only a certain amount of land, a certain amount of minerals and water, a certain number of people, and a certain amount of capital. Therefore, the amount of goods and services a nation can produce is limited. But human wants are endless. Whenever some of our wants are satisfied, others take their place. Even the richest nations cannot supply everything their people want. They have to decide how to secure the greatest benefit from their resources. Every country, however large or small, must make this decision, and how it decides determines the form of its economic system.

An economic system must decide what goods and services should be produced, how they should be produced, and how they should be distributed. A **planned economy** (also called a controlled economy) is one in which the government makes all these decisions. Free enterprise is a system in which the people--as consumers, business owners, or workers--make the decisions. **Modified free enterprise**, as practiced in the United States, is a system in which the people make most of the decisions, but some decisions are controlled or modified by the government.

UNIT: IDENTIFYING MARKETING IN A FREE ENTERPRISE ECONOMY

COMPETENCY: Define an economic system to include a discussion of free enterprise.

PERFORMANCE OBJECTIVE 13:

Given classroom discussion and information, define and describe some of the characteristics of our modified free enterprise system.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing.** Chapter 1.

TEACHING ACTIVITIES:

1. Assign the following project.
   Most buying decisions involve several motives, but one of these motives may be the most important. Prepare a form like the one below. List the following items in the left-hand column: (a) bread, (b) tires, (c) dictionary, (d) vitamins, (e) ring, (f) chair, (g) set of wrenches, (h) blanket. In the center column, list several possible buying motives for each item. Circle the one motive that you feel is the most important. In the right-hand column, explain briefly why you think this motive is the most important.

Item	**Buying Motives**	**Why Circled Motive Is Most Important**
Jogging shoes	Comfort, bargain attractiveness	A comfortable pair of shoes is necessary to enjoy jogging.

2. Assign the following for class discussion:

   a) Compare and contrast our private enterprise system to socialist and communist economies.

   b) Explain why competition is important to the successful functioning of a free enterprise system.

3. Complete the "Jeans Factory" micro computer simulated management experience (Available from Jami Purson, 6F12 Adams Bldg., Phillips 66 Company, Bartlesville, OK 74004, $10.00, specify type of computer.)

PERFORMANCE OBJECTIVE 13

EVALUATION

QUESTIONS:

1. A characteristic not part of a modified free enterprise system is

   a. regulated freedom of ownership.
   b. competition.
   c. risk.
   d. unrestrained barter.

2. In some countries, the government owns all the forests, factories and machinery, which are called collectively

   a. commodities.
   b. productive resources.
   c. capitalism.
   d. profit.

Answers: 1. (d)
2. (b)

PERFORMANCE OBJECTIVE 13

INFORMATION SHEET

An economic system is one in which natural resources, labor, and capital are brought together to produce and distribute goods and services needed and desired by the people.

A marketer doing business in a modified free enterprise system expects certain privileges, certain risks, and certain government control. Freedom of ownership will be somewhat regulated. There will be competition to face and economic risks to take. Success will be measured mainly by net earnings, or profit. These elements--regulated freedom of ownership, competition, risk, and profit--are characteristic of modified free enterprise business. Today's marketer must be prepared to balance all these elements at the same time.

In some countries, personal belongings such as clothes, books, and toothbrushes are all that people are allowed to own. Everything else -- forests, factories, machinery -- is owned by the government. Because the government owns all the productive resources of the country, it can easily control what is produced.

However, in a modified free enterprise system such as ours, individuals may own land and other natural resources as well as buildings, tools, and equipment. There are some restrictions on the use of property. For example, a law may prohibit the building of factories on land reserved for private housing. In general, however, people are free to let their property stand idle, lease it, sell it, or give it away. Or they may decide to put it to work to earn an income; that is, they may start a business. These property rights are preserved by law.

UNIT: IDENTIFYING MARKETING IN A FREE ENTERPRISE ECONOMY

COMPETENCY: Discuss the role of individuals in the economic flow.

PERFORMANCE OBJECTIVE 14:

Given class discussion, describe the roles of individuals in our economic system.

RESOURCE:

Mason, Rath and Ross. **Marketing Principles and Practices.** Chapter 7.

TEACHING ACTIVITIES:

1. Assign the following project:
   Consumers want more conveniences and more elaborate services. These increase the value of the product or service and its marketing costs. Prepare a list like the following one. List the following products in the left-hand column: (a) instant coffee, (b) electric toothbrush, (c) microwave oven, (d) frozen orange juice, (e) electric shaver. In the right-hand column give a reason for the increase in value and increase in marketing cost for each product.

Product	**Reason for Increase in Value and in Marketing Cost**

2. Assign the following for thought and class discussion:

   a) Explain why spending patterns vary at different income levels and give an example.

   b) Give three changes in population characteristics that will probably affect marketers in the next decade.

PERFORMANCE OBJECTIVE 14

EVALUATION

QUESTIONS:

1. Consumer behavior is hard to predict because humans are

   a. simple.
   b. complex.
   c. predictable.
   d. easy to analyze.

2. Marketers will be successful if they are good at satisfying their

   a. friends.
   b. relatives.
   c. customers.
   d. politicians.

Answers: 1. (b)
2. (c)

PERFORMANCE OBJECTIVE 14

INFORMATION SHEET

Marketers cannot directly see what needs, wants, and motives consumers have. The results of these influences can be observed, but these results may have been caused by many different factors. Consumer behavior is human behavior, and people are very complex. Although we have basic patterns of behaving, we change our behavior at different times and in different situations. Each person is an individual consumer.

For these reasons, the consumer is and always will be a difficult but interesting challenge to marketers. The marketer must continue to try to understand consumer behavior. The more successful marketers are at doing this, the more successful they will be at satisfying their customers. Marketers must remember that no one can force consumers to buy anything. Consumers choose what they want to buy, and they have many alternatives from which to choose. Marketers succeed because they influence and appeal to consumers.

UNIT: IDENTIFYING MARKETING IN A FREE ENTERPRISE ECONOMY

COMPETENCY: Discuss the role of business in the economic flow.

PERFORMANCE OBJECTIVE 15:

Given classroom discussion, describe the role of business and the marketing concept in our economy.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing,** Chapter 1.

TEACHING ACTIVITIES:

Assign the following activities:

1. Visit a mall or a shopping center in your community and list the businesses that sell the same or similar products. List ways in which these businesses compete with one another to get customers to buy.

2. Interview a person in your community who owns and manages a business. Ask the owner to list the advantages and disadvantages of owning a business as opposed to working for someone else at a salary. Find out whether the owner would invest money and energy in the business if he or she had the decision to make again.

EVALUATION

QUESTIONS:

1. In order to stay in business, a firm must earn

   a. deficits.
   b. profits.
   c. credits.
   d. debits.

2. The idea of fulfilling the needs of customers at a profit is called the

   a. monopoly idea.
   b. production concept.
   c. marketing concept.
   d. profit motive.

Answers: 1. (b)
2. (c)

PERFORMANCE OBJECTIVE 15

INFORMATION SHEET

To market large quantities of goods effectively, business people must consider both the product and the customer. Modern firms ask themselves: What do our customers really need that we can supply at a profit? (The profit is necessary, of course, to remain in business). The idea of fulfilling the needs of customers at a profit is called the **marketing concept.**

The marketing concept has not always guided American businesses. When the Pillsbury Company first started milling flour, Charles Pillsbury thought more about production than marketing. He had many production problems to solve. For instance, he wanted to find the best wheat to turn into flour as well as water to power the mill. With these basic problems solved, the company was able to take a closer look at customer needs. Pillsbury began developing new products. In addition to flour, the company began making cake mixes. Other baking products such as roll mixes and frostings soon followed. Product lines changed and grew as customer needs, not production problems, became the center of the company's attention.

A business that applies the marketing concept centers all company planning and activity on customer needs. Instead of trying to sell to everybody, the firm selects the most likely customers for its products.

UNIT: IDENTIFYING MARKETING IN A FREE ENTERPRISE ECONOMY

COMPETENCY: Discuss the role of government in the economic flow.

PERFORMANCE OBJECTIVE 16:

Given classroom information and discussion, outline the role of government in our economic system.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing,** Chapter 5.

TEACHING ACTIVITIES:

Assign the following projects:

1. Find out if there is a Better Business Bureau in your area. If there is, ask them to send you a brochure describing their function.

2. Because business losses to shoplifters have been growing so rapidly, more and more businesses are prosecuting offenders who are caught. Through your library and interviews with local business people, the police department, and the Chamber of Commerce, prepare a report on this problem. Consider these questions:
    a. What is the extent of the problem in your area?
    b. What is the estimated amount of loss by all local businesses in a year?
    c. What are businesses doing to prevent shoplifting?
    d. What are the penalties for those found guilty of shoplifting?
    e. What is the effect of shoplifting on prices?

EVALUATION

QUESTIONS:

1. The government agency most interested in truthful advertising is the

    a. Department of Consumer Affairs.
    b. Federal Reserve Bank.
    c. Central Intelligence Agency.
    d. Federal Trade Commission.

2. Consumer complaints about marketing practices cannot be made with

    a. federal government agencies.
    b. state government agencies.
    c. fire departments.
    d. local consumer groups.

Answers: 1. (d)
2. (c)

PERFORMANCE OBJECTIVE 16

INFORMATION SHEET

The role of government is important in marketing. Most firms are glad to take care of problems you have with their products or services, and many operate departments to handle customer complaints. Several federal government agencies also have the responsibility to assure the consumer's right to be heard.

The Office of Consumer Affairs (OCA) coordinates and advises other federal agencies on issues of interest to consumers. Its primary concerns are to represent the interests of consumers, to develop consumer information materials, and to assist other agencies in responding to complaints. The OCA normally refers consumer problems to other appropriate agencies and uses complaints from consumers to promote legislation.

The Federal Trade Commission (FTC) also protects your right to be heard. As a consumer, you can report directly to the FTC if you feel that any of your rights which come under its protection have been violated. The FTC regulates advertising and encourages informative and truthful advertising. It also requires textile firms to label wool and other fabrics with information telling what the material is made of and how to care for it. By responding to complaints in these and other areas, the FTC guards your right to be heard.

State governments also support public agencies that are interested in hearing consumers' concerns. Usually the Office of the Attorney General and the Department of Consumer Affairs have some responsibility for protecting the rights of consumers. They can prosecute businesses for violation of state consumer protection laws and inspect advertising practices. They can also handle other types of consumer matters such as automobile repair problems, credit problems and door-to-door sales practices.

UNIT: IDENTIFYING MARKETING IN A FREE ENTERPRISE ECONOMY

COMPETENCY: Discuss entrepreneurship and explain its role in marketing.

PERFORMANCE OBJECTIVE 17:

Given classroom discussion, describe the marketing aspects of entrepreneurship.

RESOURCE:

Hutt. **Entrepreneurship: Starting Your Own Business.** Chapter 6.

TEACHING ACTIVITIES:

Exercise 1

Types of Businesses

Complete the blanks below, indicating the type of business each represents.

a) Barber shop ______________________________

b) Street corner flower vendor ______________________________

c) In home child care ______________________________

d) Taco restaurant ______________________________

e) Self-service gas station ______________________________

f) Apparel & accessories store ______________________________

g) Advertising agency ______________________________

h) Anybody's drug store ______________________________

i) Pat's Auto Parts store ______________________________

j) Ed's used car lot ______________________________

PERFORMANCE OBJECTIVE 17

Teaching Activities Continued
Exercise 2

New or Existing Business?

There are **positive** (+) and **negative** (-) considerations why you should or should not become an entrepreneur in each of the following examples. Give at least two examples each of positive and negative reasons for each possibility of small business ownership.

1. Develop a New Enterprise

(+)	(-)
a. ____________________	a. ____________________
____________________	____________________
____________________	____________________
b. ____________________	b. ____________________
____________________	____________________
____________________	____________________

2. Purchase a Franchise

a. ____________________	a. ____________________
____________________	____________________
____________________	____________________
b. ____________________	b. ____________________
____________________	____________________
____________________	____________________

3. Purchasing an Existing Business

a. ____________________	a. ____________________
____________________	____________________
____________________	____________________
b. ____________________	b. ____________________
____________________	____________________
____________________	____________________

PERFORMANCE OBJECTIVE 17

Teaching Activities Continued

4. **Taking Over a Family Business**

	(+)		(-)
a.	____________________	a.	____________________
	____________________		____________________
	____________________		____________________
b.	____________________	b.	____________________
	____________________		____________________

EVALUATION

QUESTIONS:

1. A person who purchases a franchise is called a
    - a. franchisor.
    - b. franchisee.
    - c. sole proprietor.
    - d. partner.

2. Which of the following are not options in beginning a new business?
    - a. Develop a new enterprise
    - b. Purchase a franchise
    - c. Purchase an existing business
    - d. Guarantees of success

Answers: 1. (b)
2. (d)

PERFORMANCE OBJECTIVE 17

INFORMATION SHEET

DISCOVERING POTENTIAL BUSINESS OPPORTUNITY

Entrepreneurship is a non-restrictive term that means the process of organizing, managing, and being liable for a business. It makes no difference what kind of enterprise you are considering. Two questions frequently come to mind to the beginning entrepreneur: 1) What kind of business should I undertake? 2) Should I begin a new enterprise or should I buy an existing firm?

WHAT KIND OF BUSINESS SHOULD I UNDERTAKE?

This, is a very complicated question. You may have already made a decision on what kind of business to begin, but let us assume that you are "starting from scratch." You have a wide array of choices on what kind of business you would like to own, such as: retail stores, service businesses, wholesale businesses, cottage industries, or urban street sales.

1. **Retail Stores** - This is the most common and most visible of the new business enterprises. It is generally the most expensive to start and has the most competition. Retail stores that are independently owned and operated account for 95 percent of the retail sales. A few examples of retail stores are: convenience stores, specialty shops, clothing stores, hardware stores, auto parts firms, restaurants, fast food establishments, and food marketing firms.

2. **Service Businesses** - The fastest growing segment of the small business community is made up of service firms. A service business employs people who specialize in skilled work that consumers need in the course of everyday life. Some examples are: barber shops, health spas, advertising agencies, service stations, laundromats and dry cleaners, appliance repair businesses, theaters, bowling alleys, educational services, consulting firms, and day care centers.

3. **Wholesale Businesses** - Wholesalers purchase large quantities of merchandise from manufacturers and then distribute smaller quantities to retailers. Examples of wholesalers are: drug distributors, auto parts, paint, and perishable items such as produce, flowers or meat.

4. **Cottage Industries** - With the high cost of beginning a business, many entrepreneurs have chosen to use their own homes to begin their businesses, and operate successfully out of the proprietor's home. Examples are: pottery and jewelry business, furniture refinishing, and distributorship of such products as Amway or Shaklee.

Information Sheet Continued

5. **Urban Street Sales** - Following ancient practices of street vendors, urban street sales are making a strong come back in recent years. The entrepreneur peddles his or her wares to passing pedestrians. In some areas, street vendors are controlled by city and state ordinances and require licenses and in some cases, must pay rental for street space.

"SHOULD I BEGIN A NEW ENTERPRISE OR SHOULD I BUY AN EXISTING FIRM?"

In order to properly evaluate that question, consider the way of beginning a new business: develop a new enterprise, purchase a franchise, purchase an existing business, and take over a family business.

1. **Develop a New Enterprise** - Successful new small businesses are established each day. Start-up costs and competition may affect your decision on your endeavor to start a new business. Many small businesses struggle for months and years before success. Some also fail.

2. **Purchase a Franchise** - A franchise is a legal agreement to begin an independent business under the name of a proven, successful system. The **franchise** (franchise purchaser) obtains an operational system that may have taken years to develop, but has proven successful. The **franchisor** (franchise seller) usually includes training and continued help in advertising, bookkeeping, management, and operations. It truly takes many of the risks out of small business ownership. The big negative is that most reputable franchisors have significant fees to be paid **up front** (before you begin your business) and usually include percentages of profit over the term of the franchise agreement that can become burdensome and represent a significant amount of money that ordinarily represents your profit. Overall, statistics show franchise partnerships represent one of the best chances for entrepreneurs. However, sound legal advice should be sought before entering into any contractual agreement.

3. **Purchasing an Existing Business** - Another good consideration for fledgling entrepreneurs is the purchase of a firm already in existence. A business that is for sale may be operating successfully or it may be on the market because it is not profitable. A great deal of study and evaluation should precede any decision. This evaluation should include responsible advice of an attorney and an accountant who have had an opportunity to examine the records. There are many factors that can spell the success or doom of new owner/operators such as: real reasons for selling, potential profit, condition of inventory and fixtures, accounts receivable, lease agreements on building and/or equipment, customer lists, business records, franchise agreement, trademarks, business names, patents, copyrights, customer goodwill, and community opinion.

4. **Taking Over a Family Business** - Many of the same considerations for purchasing an existing business also exist for taking over a family business. In addition, you need to consider the responsibilities, objections, and potential conflicts in the family aspect of takeover.

UNIT: IDENTIFYING MARKETING IN A FREE ENTERPRISE ECONOMY

COMPETENCY: List and explain the characteristics of the free enterprise system.

PERFORMANCE OBJECTIVE 18:

Given class discussion and information, list and explain the main characteristics of the free enterprise system.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing,** Chapter 5.

TEACHING ACTIVITIES:

1. Assign the following for class discussion:

   Respond to the following statements, which criticize marketing.

   "Products and services would be a lot less expensive if we didn't have to pay for all that advertising."

   "Marketing encourages people to buy products they don't need at prices they can't afford."

   "Marketing is really nothing but high-pressured sales."

2. Assign the following for class discussion:

   a) Describe the role of the consumer in the free enterprise system.

   b) Explain why competition is important to the successful functioning of a free enterprise system.

PERFORMANCE OBJECTIVE 18

EVALUATION

QUESTIONS:

1. A pure market directed economy would be free of which of the following segments?

   a. Business
   b. Consumers
   c. Factories
   d. Government

2. In theory, prices in a free market society are forced downward by

   a. more producers entering the market.
   b. extending the work week to Saturdays and Sundays.
   c. adding more machinery to production.
   d. calling on foreign traders to help.

Answers: 1. (d)
2. (a)

PERFORMANCE OBJECTIVE 18

INFORMATION SHEET

A very simplistic description of a market-directed or **free enterprise economic system** is that it is one in which the individual decisions of many producers and consumers make up the macro-level decisions for the whole economy. A pure market-directed economy would be completely free of government planning and control. People would make their own decisions about which products and services to produce, sell, and buy. Based on these millions of decisions and the resulting competition among producers, buyers, and sellers, the system would decide what and how much to produce, how to produce it, and how to distribute it.

In a free economy, consumers make production decisions by buying or not buying the goods produced. They "vote" in the marketplace, and their vote is primarily determined by want and price. If they want a product or service and feel that the price is fair, they will buy it. If they feel that a particular product or service is priced too high or is useless or unattractive or simply does not satisfy their needs and wants, they will not buy it. Production of that product is then stopped or reduced since the company obviously cannot make a profit on it. Likewise, if products or services satisfy customers and customers are eager to buy more of them, the price goes up and profits often increase. Then more producers enter the market for these products or services, more are produced, and the price is forced down because of increased competition.

Consumers in a free enterprise economic system have freedom of choice in selecting among products and services, provided, of course, that they can afford to pay. They are not forced to buy products or services that they do not want, except perhaps public services provided through their taxes (for example, education, fire and police protection, aid for the needy, national defense, and mass transportation). People have free choice in finding employment that is satisfactory for them. Producers too are free to engage in whatever activities they wish so long as they obey the laws. A producer's goal is to receive sufficient dollar "votes" from consumers to earn a profit. Related goals are often to increase the size of the business, increase sales, enjoy a better standard of living, and do better than the competition. But in a free enterprise system, profit, growth, and even business survival are not guaranteed.

UNIT: IDENTIFYING MARKETING IN A FREE ENTERPRISE ECONOMY

COMPETENCY: List the major forms of ownership and the advantages and disadvantages of a sole proprietorship; the advantages and disadvantages of a partnership; the advantages and disadvantages of a corporation.

PERFORMANCE OBJECTIVE 19:

Given classroom information and discussion, the major characteristics of sole proprietorship, partnership and corporation will be described.

RESOURCE:

Entrepreneurship Training in Vocational Education. South Carolina Department of Education, pp. 27-32.

TEACHING ACTIVITIES:

1. See Exercise #1 attached.

2. Assign the following for class discussion:

   a) After deciding to open a record shop, what form of business ownership would you select?

   b) If your best friend decides to join you in your record shop in (a), would this change your choice of business ownership? Explain.

EVALUATION:

QUESTIONS:

1. The majority of all retail stores are which form of ownership?

   a. sole proprietorship
   b. partnership
   c. corporation
   d. franchise

2. From a legal viewpoint, the easiest form of business to form is a

   a. sole proprietorship.
   b. partnership.
   c. corporation.
   d. franchise.

Answers: 1. (a)
2. (a)

PERFORMANCE OBJECTIVE 19

INFORMATION SHEET

Exercise 1

Forms of Ownership

For each legal form of business ownership, list as many advantages and disadvantages as you can find. Review each form of ownership to find each advantage and disadvantage.

	Advantages	Disadvantages
Individual Proprietorship		
Partnership		
Corporation		

PERFORMANCE OBJECTIVE 19

INFORMATION SHEET

Legal Forms of Ownership

Legal responsibilities are part of operating a small business. One of the first legal decisions a new owner/operator must make is what form of ownership is best for the new business. There are basically three choices: individual or sole proprietorship, partnership, and corporation.

There are advantages and disadvantages to each form of ownership. Factors such as **capital** needed (money to start and operate a business), experience of the owners, type of business, goods or services to be offered, tax laws and the financial risk that each person is willing to take need to be carefully considered. It is good to be flexible and many businesses begin as a proprietorship, then move to a partnership, and later expand to a corporation.

It is estimated that about 60 percent of all retail stores are owned by individual proprietors. About 15 percent of small businesses have a partnership, and the remaining 25 percent are corporations. Usually stores with annual sales in excess of $150,000 are **incorporated** (have filed the necessary legal documents to become a corporation).

1. **Individual Proprietorship** - When a person starts a business with no other person involved in the ownership of the business, it is called an individual or sole proprietorship. The advantages to this form of business is that it is relatively easy to start, given sound capital (money). Another advantage is that the business is managed by one person and business decisions do not have to be shared with other owners. Taxation and government supervision are relatively light. Problems develop in a proprietorship when business success demands expensive expansion and capital is invested already. Because there is only one owner, some business decisions are poor because there has been no opportunity to discuss the matter with other experienced people. Other disadvantages are seen as the assumption of all losses, and the closing of the business in case of death (or severe disability) of the owner.

2. **Partnership** - A partnership is when two or more investors combine to form a legal agreement to do business together. Generally, combined skills result in a more efficient operation. Increased capital enables the business to stock more merchandise, purchase better equipment, and expand the services of the store. In addition, each partner assumes liability for his/her share of the debt, and any portion that another partner cannot pay. This can be avoided by forming a legal **limited partnership** where each limited partner has no voice in the management of the business, but is liable only for the extent of the personal investment. Also, the death of one of the partners causes a complete **liquidation** (dissolving the business). It may be reorganized under a new partnership, but the legal process is time consuming and costly.

3. **Corporation** - A corporation is an artificial being, a legal person in the eyes of the law. A corporation can make contracts, own property, borrow money, and perform other activities necessary to operate a business. A corporation is formed when a group of investors apply to the state in which they are doing business for a **charter** to do business as a corporation. Each investor or **stockholder** is liable for business losses only to the extent of personal investment. Corporations are attractive ways to generate capital necessary for expansion because they can attract large numbers of people with limited investments. It is easy for each stockholder to withdraw from the business simply by selling the investment stock. Corporations are subject to more government regulation, and this problem sometimes becomes burdensome. They are also subject to more accounting and recordkeeping than other forms of ownership. The corporation **shareholders** (stockholders) are subject to a form of double taxation. The corporation pays stiff taxes on profit, then each stockholder must claim all **dividends** (money issued by the corporation as profit to the stockholders) as personal income and are subject to state and federal income tax. Corporations form boards to control the interest of all investors and to manage the affairs of the enterprise. In this system, where ownership and management are separated in an impersonal manner, danger of irregularities and **fraud** (an act of deception or misrepresentation) exists.

Permits, Licenses, and Taxes

Part of the drama of opening a new business is the numerous legal responsibilities that must be discharged before the doors can open. Each state, county and city has its own set of regulations to be satisfied prior to granting permission to operate in its district. Generally, government regulation is utilized to protect the consumer as well as the business. **Licenses** (or permits to do business) issued by government agencies are used to raise **revenue** (money to operate a government) and to regulate businesses. Local municipal governments may regulate the "environment" of their city by restricting the number of businesses, their appearance, sizes and number of signs, and the location of the business, to name a few restrictions.

County or city governments issue building permits to regulate the type of construction in their **jurisdiction** (area of legal responsibility). Health regulations, permits, and inspections are also handled by city or county government. Fees collected for licensing also are used as revenue to operate the local government.

Business found in violation of city, county or state **codes** (regulations for businesses) can be fined heavily, or even closed down. Although many entrepreneurs find dealing with bureaucratic organizations such as the Health Department distasteful, whenever you eat wholesome food at a restaurant, it is testimony to government regulations. Such regulations also prevent your neighbor from changing his home into a used car lot after you have spent years building a beautiful home that has increased in value each year.

USING MARKETING RESEARCH

Competencies

Discuss the reasons for marketing research
Describe the types of marketing research
Distinguish between primary and secondary data
Discuss other sources of market research data
Discuss the use of marketing research in marketing decisions

UNIT: USING MARKETING RESEARCH

COMPETENCY: Discuss the reasons for marketing research.

PERFORMANCE OBJECTIVE 20:

Given information and discussion from the classroom, the basic reasons for businesses to conduct market research will be described.

RESOURCE:

Stull and Hutt. **Marketing: An Introduction.** Chapter 5.

TEACHING ACTIVITIES:

1. Assign the following:
   Conduct the following marketing research project at your school. Develop a questionnaire that will solicit answers to the following marketing research question: What are the buying habits of teenagers at (name of school) High School? Be sure to follow the six steps of the marketing research process as outlined in this chapter. Prepare a final report and submit it to your teacher. Examples of questions that you may want to consider as you conduct this project include these:
   a. How old are the students? What kinds of family backgrounds do they have?
   b. On the average, how much money do they spend a week?
   c. What are their sources of income?
   d. How do they spend their money? For example, how much is spent on food, clothing, entertainment, transportation, or personal care products?
   e. Did grade level have an effect on the spending patterns of students involved in this study?
   f. What conclusions can you draw from the information you have collected? What recommendations can you make to businesses in your area that sell products and services to the teenage market?

2. Assign the following for class discussion:
   a). What kind of marketing research would the manager of a small bicycle shop need?
   b). Give an example of how marketing research might lead a company to market a new product.

PERFORMANCE OBJECTIVE 20

EVALUATION

QUESTIONS:

1. The main purpose of market research is to

   a. gather answers to questions.
   b. experiment with people.
   c. test statistical theories.
   d. get more money for advertising.

2. A major constraint of market research is

   a. geography.
   b. the government.
   c. budgeted money.
   d. the ways to conduct it.

Answers: 1. (a)
2. (c)

PERFORMANCE OBJECTIVE 20

INFORMATION SHEET

Marketing research is an objective system designed to collect, analyze, and report information and findings relevant to a specific problem or situation facing a company.

Every marketer, large or small, needs an understanding of marketing research techniques. If your firm is large enough to have its own marketing research department or even a few marketing research staff members, you will be better prepared to work with these specialists if you understand the basic marketing research process. Your understanding will help you work together to plan research studies that are within your budget, assure that you are collecting the right information for your needs, and interpret the results correctly. If you are in a small firm, you will be involved in using marketing research techniques yourself to solve problems and make important decisions.

UNIT: USING MARKETING RESEARCH

COMPETENCY: Describe the types of marketing research.

PERFORMANCE OBJECTIVE 21:

Given classroom information, describe several methods used in marketing research.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing,** Chapter 5.

TEACHING ACTIVITIES:

1. Assign the following:
   Visit a local retail business such as a food store, clothing store, or bookstore. Be sure to get the approval of the store manager before you begin this project. Observe five to ten different customers while they are shopping and making purchasing decisions. Answer the following questions for each customer.
   a. What factors appeared to affect the customer's buying decisions?
   b. How much time did the customer spend examining the information on product containers or displays?
   c. Did the customer appear to be pricing merchandise while shopping?
   d. How long did you observe the customer?
   e. Did the customer look for a specific item or brand of merchandise?

2. Assign the following question for class discussion:
   Would backyard swimming pools sell well in your area?
   To answer this question, describe:
      Your neighborhood, to include geographic location and population characteristics
      The income levels and life styles needed to purchase swimming pools.
      Students should describe their conclusions in a one-page report.

3. Assign the following:
   Contact two companies with marketing research department and interview the personnel.
4. Write a person who works for a marketing research company to be a guest speaker. The topic should be "types of market research."

PERFORMANCE OBJECTIVE 21

EVALUATION

QUESTIONS:

1. A method of gathering data directly from people selected from a larger group is called a/an

   a. experiment.
   b. observation.
   c. survey.
   d. consensus.

2. Using cameras and recorders in marketing would be an example of a/an

   a. sample.
   b. survey.
   c. observation.
   d. experiment.

Answers: 1. (c)
2. (c)

INFORMATION SHEET

There are three basic methods that can be used to gather data: survey, observation, and experimentation.

The Survey Method. A **survey** is a method of gathering data by asking questions of a specific number of people (a **sample**) who have been selected from a larger group. A survey is a good way to find out what the opinions of customers are. Unfortunately, surveys can be expensive and time consuming. Also, the researcher has to work hard to get accurate and meaningful data from respondents.

The Observation Method. The second basic method that can be used to gather project related data is observation. Using this method, the researchers simply observe behavior. This involves watching and recording the events they see. As opposed to the survey method, researchers avoid direct contact with people being observed. In fact, people should not even know that they are being observed. One use for the observation method might be to determine whether customers are attracted by a particular type of store display. Another might be to see how long customers have to wait before they are able to order in a restaurant.

Observation does not always have to be done by the researcher. Mechanical observation devices such as cameras and recorders can be used. Observation has the advantage of being a relatively simple method to employ. The respondent does not have to agree in order to cooperate. However, observations are subject to the biases of the observer and cannot indicate why respondents act as they do.

The Experimental Method. The third basic method that can be used to gather project related data is experimentation. When researchers use experimentation, they try to establish a cause and effect relationship by controlling one variable and trying to produce a desired effect in another variable. This method is used frequently in test marketing a new product. If the company is unsure which of two marketing strategies to use, it tries each one in a different test market.

UNIT: USING MARKETING RESEARCH

COMPETENCY: Distinguish between primary and secondary data.

PERFORMANCE OBJECTIVE 22:

Given classroom information, distinguish between primary and secondary data, as used in marketing research.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing,** Chapter 4.

TEACHING ACTIVITIES:

Assign the following questions:

1. Why do marketers often need both secondary data and primary data to solve problems?

2. Using the three basic methods of gathering primary data (survey, observation, and experimentation), describe how you might use each method to solve a problem in a clothing store.

EVALUATION

QUESTIONS:

1. One of the first places a marketer should look for secondary data is the

   a. newspaper files.
   b. telephone directory.
   c. library.
   d. laboratory.

2. An advantage of gathering primary data is its

   a. often high cost.
   b. time consuming factor.
   c. timeliness and relevance.
   d. directly applicable nature.

Answers: 1. (c)
2. (c)

PERFORMANCE OBJECTIVE 22

INFORMATION SHEET

There are two major sources for research information: primary data and secondary data. **Primary data** are data gathered specifically for the research project you are now working on. **Secondary data** are data that have been collected for some other purpose. The major advantage to using secondary data is that the data already exist and are relatively inexpensive to gather. Another advantage is that it takes much less time to gather secondary data than primary data. Often researchers rush into gathering primary data when plenty of acceptable secondary data could just as well be used. The library is one of the first places to look for secondary data in the form of government publications, regularly published periodicals, books, monographs, and commercial data.

UNIT: USING MARKETING RESEARCH

COMPETENCY: Discuss other sources of market research data.

PERFORMANCE OBJECTIVE 23:

Given classroom information, discuss other sources of market research data.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing,** Chapter 4.

TEACHING ACTIVITIES:

1. Assume that you manage a record shop. One of your major problems is deciding which records to buy and how many of each to stock. List primary and secondary sources of information that will aid you in making these marketing decisions.

2. You want to be sure that your goods and services are satisfying the customers of your record shop. Therefore, you decide to conduct a survey of their likes and dislikes about your business. Develop a list of ten survey questions to ask your customers when they make a purchase.

EVALUATION

QUESTIONS:

1. Outside sources of secondary marketing data include which of the following?
   a. Agricultural agencies
   b. Marketing research firms
   c. Congressional delegations
   d. Book publishers

2. The largest single source of secondary data is the
   a. federal government.
   b. local library.
   c. Chamber of Commerce.
   d. General Assembly.

Answers: 1. (b)
2. (a)

PERFORMANCE OBJECTIVE 23:

INFORMATION SHEET

Advertising agencies, the media they serve, and marketing research firms are among the outside organizations that are good sources of secondary data.

Both advertising agencies and advertising media are likely to have their own research departments. These departments concentrate their research on the customers reached by advertising. The research reports they prepare are usually available to any interested person.

Marketing research firms are of two types: the syndicated data firms and the consulting firms. The syndicated data firms specialize in collecting certain types of information and then selling that information on a regular basis. They generally collect information about brand recognition, public opinion, and fashion trends. Probably the best known syndicated data form is the A. C. Nielsen Company with its surveys of television viewing and consumer food and drug purchases. The consulting firms undertake specific jobs for clients, such as obtaining for a manufacturer a national sales forecast for a new product.

The largest single source of secondary data is the federal government. Surveys by the Bureau of the Census provide the foundation of marketing knowledge in this country. These surveys are supplemented by research done by other bureaus and agencies of the federal government, such as the Bureau of Labor Statistics and the Federal Power Commission.

The information collected by the federal government is available at a very low cost to anyone who wants it. Perhaps the greatest bargain in the secondary data field is the **Statistical Abstract**. This annual publication of the U. S. Department of Commerce consists of approximately 1000 pages of summarized statistics about the country.

UNIT: USING MARKETING RESEARCH

COMPETENCY: Discuss the use of marketing research in making decisions.

PERFORMANCE OBJECTIVE 24:

Given classroom discussion of marketing research, describe its use in making marketing decisions.

RESOURCE:

Mason, Rath and Ross. **Marketing Principles and Practices,** Chapter 12.

TEACHING ACTIVITIES:

1. Assign the following library project.
   Look through library copies of current newspapers and periodicals that report on marketing research conducted by business. These sources could include the business section of your local newspaper, **The Wall Street Journal, Advertising Age,** the research section of **Business Week**, or the American Marketing Association's **Marketing News** or **Journal of Marketing**. Select an article dealing with marketing research that interests you. Give an oral report on the research and what is accomplished for the business conducting it.

2. Assign the following for class discussion:
   a) Look up the term 'bias' as used in marketing research. How can bias be controlled in market research?
   b) What are the advantages and disadvantages of using mail surveys in market research?

EVALUATION

QUESTIONS:

1. In most companies, marketing research is done because there is a

   a. desire to develop new products.
   b. problem to be solved.
   c. desire to spend money.
   d. desire to increase profits.

2. Which of the following is included in preliminary research?

   a. Identifying the problem
   b. Collecting information
   c. Analyzing the information
   d. Applying the results

Answers: 1. (b)
2. (a)

PERFORMANCE OBJECTIVE 24

INFORMATION SHEET

When a company decides to undertake marketing research, it usually does so because it faces a problem. The problem may be a decline in sales or the need to market new products to meet competition. The company uses marketing research to help solve the problem. There is a definite procedure that is followed in marketing research to solve the problem. It involves these five steps:

1. Identify the problem and establish the goal of the research.
2. Develop a research plan for achieving the goal.
3. Collect information about the problem.
4. Analyze the information.
5. Apply the results of the research to the problem.

The first two steps--identifying the problem and establishing the goal, and developing the research plan--are called preliminary research. **Preliminary research,** then, is the process of identifying a problem and devising a plan for solving the problem. These two steps are discussed in this chapter.

The next two steps--collecting information about the problem and analyzing that information--are called formal research. **Formal research** is the process of collecting and analyzing information about a problem.

The final step involves implementing the results of the research.

PREPARING THE MARKETING MIX

Competencies

Discuss marketing mix - to include functions and elements of marketing mix
Explain the concept of tangible and intangible products
Identify the product life cycle
Discuss the marketing tactics that are used for each stage of product development (exclude test marketing)
Name and discuss products that have disappeared from the market and identify the reasons for their disappearance (include a discussion of supply and demand)
Identify factors that affect pricing policies and practices of a company
Explain the importance of channels of distribution to both consumers and marketing firms
Discuss promotion and how the selection of the right promotion affects the marketing mix of a product

UNIT: PREPARING THE MARKETING MIX

COMPETENCY: Discuss marketing mix - to include functions and elements of marketing mix.

PERFORMANCE OBJECTIVE 25:

Marketing mix will be discussed, with the main elements of product, price, place and promotion identified.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing**, Chapter 4.

TEACHING ACTIVITIES:

1. Describe marketing as you think it might exist in the Soviet Union, Poland, or East Germany. Then describe marketing as you think it might exist in the United Kingdom, Sweden, or Denmark. Finally, contrast marketing in these countries with marketing as you know it in the United States or Canada.

2. Identify firms in your community that seem to practice the marketing concept. What specific activities do they undertake to satisfy customers while apparently making a profit? Contrast the marketing concept with the production and sales concepts.

EVALUATION

QUESTIONS:

1. Which of the following is not one of the four P's of marketing?

   a. Product
   b. Price
   c. Personnel
   d. Promotion

2. The four P's are often referred to aggregately as the

   a. marketing measurement.
   b. marketing mission.
   c. marketing management.
   d. marketing mix.

Answers: 1. (c)
2. (d)

PERFORMANCE OBJECTIVE 25

INFORMATION SHEET

Any company has at least four major aspects of marketing which must be considered: products and services to offer, the prices at which they should be sold, the manner in which they will be delivered to the customer, and the way in which they will be promoted. These four main parts of marketing are often referred to aggregately as the **marketing mix**. They are often called the four **P**'s of marketing: Product, Price, Place, and Promotion.

To illustrate the marketing mix, let us look at a restaurant which might be opened in any small town in midwestern America. As the owner of that restaurant, you must make decisions about at least four things relevant to marketing.

> What product should you offer? Should you specialize in steaks, seafood, or fast food? Should you include a cocktail lounge? Should you have a salad bar?
>
> What prices should you charge in anticipation of a reasonable profit? Should you include credit card service? Accept personalized checks?
>
> How should you distribute your food? Takeout? Full or partial service? Over the counter?
>
> What promotional techniques should you consider? Radio or TV advertising? Newspaper? Billboards?

There is another **P** that must be carefully considered by marketers-- **People**. All parts of the marketing mix are operated and managed by people. Thus, the people or personnel aspect of a business is also an important consideration of marketers. Referring to our example of the restaurant in the midwest, some questions related to personnel might include these.

> How many employees should you hire? What should their qualifications be?
>
> What tasks should they perform? What is a fair salary or wage?

It is the four aspects of the marketing mix and the people who perform the jobs associated with each aspect that must be coordinated carefully. You cannot make a decision regarding one aspect or ingredient of the mix without affecting another. You cannot make decisions about the product or service without also considering price or distribution. Even though you may discuss and decide about each aspect separately, all must be coordinated for effective marketing of your restaurant.

UNIT: PREPARING THE MARKETING MIX

COMPETENCY: Explain the concept of tangible and intangible products.

PERFORMANCE OBJECTIVE 26:

Given a classroom discussion and examples, explain the differences between tangible and intangible products.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing,** Chapter 4.

TEACHING ACTIVITIES:

1. Assign the following project:
Discretionary income is spent on luxuries rather than necessities, and the purchase of one luxury item often leads to desire for related items. Prepare a form like the one shown below. List these activities in the left- hand column: (a) boating, (b) cycling, (c) traveling, (d) playing tennis, (e) painting. In the right-hand column, list several products that a consumer might want because of his or her interest in each of these activities.

Activity	**Related Products**

2. Assign the following for class discussion:
Select ads from two competing service marketers in your area. If possible, visit these businesses and complete a form similar to the one below:

	Business A	Business B
1. Describe the specific services offered.		
2. Describe how these services differ.		
3. Describe the marketing strategy used to attract customers.		

PERFORMANCE OBJECTIVE 26

EVALUATION

QUESTIONS:

1. Which of the following is an example of an intangible product?

   a. Life insurance
   b. Children's toys
   c. Musical instruments
   d. Automotive parts

2. Which of the following is a tangible product?

   a. Tennis lesson
   b. Vacation travel service
   c. Household detergent
   d. Health insurance

Answers: 1. (a)
2. (c)

PERFORMANCE OBJECTIVE 26

INFORMATION SHEET

Tangible products are those items that can be touched or seen by the consumer. Intangibles are usually services and products that can not be seen by the consumer, but are still very desirable.

The characteristics of marketing tangibles and intangibles are fundamentally different. In marketing tangible goods, the actual product or a precise description of its physical and performance characteristics is usually available for evaluation. The marketing of intangible services often involves a wide range of promises and experiences that have to be verified with outside sources. For example, people purchasing services usually go through a set procedure: they observe, use their own judgments and then make decisions on the basis of what they expect to get from the services.

From a consumer's viewpoint, buying a tangible product usually involves choosing from a finite number of alternatives within well-defined categories. In contrast, purchasing an intangible service is often dependent upon which category of service is chosen. For example, in selecting a doctor, a person might choose between general practitioners and specialists -- or from chiropractors and faith healers.

Tangible product examples: Automobiles, soaps, food items.

Intangible product examples: Legal services, medical services, janitorial services.

UNIT: PREPARING THE MARKETING MIX

COMPETENCY: Identify the product life cycle.

PERFORMANCE OBJECTIVE 27:

Given classroom information and discussion, describe the product life cycle from introductory to declining stages.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing**, Chapter 6.

TEACHING ACTIVITIES:

Assign the following for class discussion.

1. Newness is difficult to define in product introduction. Explain what can be new about a product from the marketer's point of view and the consumer's point of view.

2. Why does a marketer like to keep a product in the growth period of its product life cycle for as long as possible?

3. Although the PLC is a useful concept for marketers, why is it sometimes difficult to use for decision making?

4. Choose an actual consumer product and assume that you are going to introduce it to a new market. Describe the product's characteristics that you think will speed its adoption.

EVALUATION

QUESTIONS:

1. In which stage of the product life cycle are profits usually highest?

   a. Introduction
   b. Growth
   c. Maturity
   d. Decline

2. In which stage of the product life cycle would a marketer like to stay as long as possible?

   a. Introduction
   b. Growth
   c. Maturity
   d. Decline

Answers: 1. (b)
2. (b)

INFORMATION SHEET

After the introduction of a new product, marketers hope to keep it alive for a long time. The marketer's goal is to develop a product that generates sales and produces a satisfactory profit during its life on the market. The stages that a product passes through from introduction to removal from the market are called a **product life cycle.** The product life cycle (PLC) is most commonly thought of as the progression of a product through four stages: introduction, growth, maturity, and decline. If the product fails to provide a satisfactory return after a long period of rapidly declining sales, it is dropped, and marketing efforts are applied to new or successful products.

The product life cycle is not the same for all products. Some products may reach a growth stage quickly, peak in sales, and decline very rapidly. For example, a toy product introduced for Christmas may go through its entire PLC from October to January. Some products, such as Kleenex facial tissues, may stay in a maturity stage for many years. Durable products such as color television sets may remain in each stage for a great many years. Note that the sales curve shows the amount of sales in relation to time. The determination of the PLC stage for a product is the rate or direction of sales. A product in the **introduction stage** is selling at a slowly increasing rate. When the rate of sales increase is much faster, the product enters the **growth stage.** A marketer would know this by comparing sales volume figures or by recording sales volume on a PLC chart. When the rate of sales growth slows noticeably or the sales volume levels off and starts to decrease slowly, the product is in the **maturity stage.** When sales decline at a rapid rate, the marketer knows that the product is in the **decline stage.**

All marketers use some measures and their judgment to estimate PLC stages. Even the small marketer benefits from analysis of sales, profits, competitors, customers, and strategies through applying the concept of the product life cycle.

UNIT: PREPARING THE MARKETING MIX

COMPETENCY: Discuss the marketing tactics that are used for each stage of product development (include test marketing).

PERFORMANCE OBJECTIVE 28:

Given class discussion and information, describe concepts used in product development and planning.

RESOURCE:

Mason, Rath and Ross. **Marketing Principles and Practices**, Chapter 14.

TEACHING ACTIVITIES:

1. Assign the following project.

   Given a new product, describe the marketing techniques used to introduce and promote the product, and analyze its position in the market.

   Select a new product that has been introduced on the market recently. Obtain information about the product from sources such as advertising, salespeople, customers using the product, the manufacturer's written material, and your own observation of the product. Collect advertisements, booklets, tags, labels, and other materials about the product. Based on the information you gather, answer the following questions:

   a. At what market is this product aimed?
   b. How was the product introduced and promoted?
   c. What is the product's relationship to competition?
   d. Why, in your opinion, will this product be successful or unsuccessful?

2. Assign the following for class discussion:
   a. What are some of the advantages and disadvantages of changing product features?
   b. Why should marketing planners consider services in the same way they consider goods?

3. Explain several product mix strategies a small marketer might use in competing with large marketers such as K-Mart, Safeway, or Sears.

PERFORMANCE OBJECTIVE 28

EVALUATION

QUESTIONS:

1. The answers to most questions concerning future product planning will be guided by
    - a. company product objectives.
    - b. company statistics.
    - c. customer suggestions.
    - d. quality assurance.

2. Which of the following is not a typical product objective?
    - a. Profits
    - b. Increasing sales volume
    - c. Hiring a new salesman
    - d. Use existing capacity

Answers: 1. (a)
2. (c)

PERFORMANCE OBJECTIVE 28

INFORMATION SHEET

Product planning involves finding answers to such questions as the following: What products do our customers need and want? When should we introduce a new product? How broad a product mix should we offer? Should we expand or modify any product line? What product or products should we drop? When should the product be changed? How can we develop new uses and a new image for our product? How should the product be styled and designed? How should the product be packaged and branded?

The answers to these questions will be guided by the product objectives of the company. Product objectives vary widely from company to company. It would be impossible to list all the product objectives of all companies. However, here is a list of typical product objectives.

Growth in sales volume by the introduction of new products.
Steady sales growth through the improvement of existing products.
Increasing sales volume by creating new uses for established products.
Developing a complete line of products. (For example, making or selling every type of electrical appliance that might be used in a kitchen).
Maintaining or improving market share.

There will always be limitations on the achievement of product objectives. How fully these objectives are achieved is influenced by changes in the consumer market, competition, and the company's production capabilities.

Test marketing is the marketing of goods to consumers in several carefully selected areas before the goods are released on a wide scale. Through test marketing a marketer may determine the appeal of a proposed package design or consumer acceptance of a new product.

UNIT: PREPARING THE MARKETING MIX

COMPETENCY: Name and discuss products that have disappeared from the market and identify the reasons for their disappearance (include a discussion of supply and demand).

PERFORMANCE OBJECTIVE 29:

Given classroom discussion, identify unsuccessful products from the past and the possible reasons that they failed.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing,** Chapter 6.

TEACHING ACTIVITIES

1. The demand for some workers depends in part on the preferences of consumers for certain goods and services. Make a list of some of the goods and services you and your friends demand that help to create jobs. Then identify the kinds of jobs that are affected. Find exampes of jobs in your community that have disappeared because of changes in demand for goods and services.

2. The percentage of women entering the work force has been increasing while the percentage of men in the work force has been decreasing. What are some of the reasons for this change? What effect does this change have on employment opportunities for both men and women? How does this change affect product developed for women? for men?

3. Have students look through old newspapers, magazines or catalogs and make lists of items that are no longer available and give the reason for their disappearance.

EVALUATION:

QUESTIONS:

1. Most new products begin as

   a. directives.
   b. ideas.
   c. needs.
   d. laws.

2. The two departments most often associated with new prodcts are

   a. billing and sales.
   b. research and development.
   c. design and production.
   d. engineering and marketing.

Answers: 1. (b)
2. (d)

PERFORMANCE OBJECTIVE 29

INFORMATION SHEET

There is no single item that can guarantee product success. But there are several things that can cause product failure.

A new product begins either as an unfelt need or a requirement for the marketer's customers. It begins as an idea. Then it has to be taken by the marketing and engineering staffs and turned into a product that can be manufactured and then sold.

At this point, communication between all the company departments is critical. If there is not communication in the development of the product, it will be introduced to the public without the benefit of feedback and lacking those characteristics that the public wants. Salespeople will need to tell the engineers what the public wants; the engineers will need to supply the marketing department with up-to-date cost and production figures.

New products normally require new changes, sometimes new procedures and often new threats to the status quo. Those people involved in new products need to have the managerial power to enact the needed changes that tend to integrate new ideas and methods.

Products that have failed	Reason for failure
Apple III computer (1980),	Quality control was poor.
Lisa computer (1981)	20% machines didn't work.
Concorde supersonic jet (1979)	Customers aren't willing to pay twice as much to save 2-3 hours.
Lockheed L-1011 jetliner (1974)	Overdesigned, priced out of commercial airliner market.
Red Kettle Soups (1965)	Lipton soups added new flavors, increased advertising.
Columbia Data Products Computers Eagle Computer Systems	Both Columbia and Eagle computers were hit by increasing computer technology and dropping market prices of competitive computers.
Texas Instruments Home Computer	TI computers were made obsolete by newer computer microchips and inventions.

PERFORMANCE OBJECTIVE 29

Information Sheet Continued

Product failures fall into three general areas:

1. Products that are poorly conceived, designed and manufactured;
2. Products that generate fierce competitive reactions of competition, resulting in failure to gain sufficient market to stay alive.
3. Products that are subject to changing technology and become failures because new ideas and inventions make them obsolete.

UNIT: PREPARING THE MARKETING MIX

COMPETENCY: Identify factors that affect pricing policies and practices of a company.

PERFORMANCE OBJECTIVE 30:

Given classroom discussion, identify factors that affect company pricing policies and practices.

RESOURCE:

Mason, Rath and Ross. **Marketing Principles and Practices,** Chapter 14.

TEACHING ACTIVITIES:

1. Assign the following:
The pricing goal of a marketer may be to set prices equal to, above, or below competitors' prices. Prepare a form like the one below. In the left- hand column, list the following products: (a) TV set, (b) automobile, (c) luggage, (d) wristwatches, (e) bicycles. In the other columns, describe a different marketing strategy that you might use with each pricing goal.

Product	**Price Above the Market**	**Price Below the Market**
Tires	Mounting and balancing the tires are included in the price.	Sell safe but slightly blemished tires.

2. Marketers use many strategies to determine or change a list price. For each of the following marketing situations, list a possible price strategy:
    a) a manufacturer selling stereo equipment
    b) a wholesaler selling instant coffee
    c) a used car dealer
    d) a food supermarket.

PERFORMANCE OBJECTIVE 30

EVALUATION

QUESTIONS:

1. Which of the following is not an important factor in setting a price?

   a. Business expenses
   b. Competition
   c. Supply and demand
   d. Where the product will be shipped

2. What else is needed in addition to knowledge of the product in setting prices?

   a. Math aptitude
   b. Management ability
   c. Writing skills
   d. Market knowledge

Answers: 1. (d)
2. (d)

PERFORMANCE OBJECTIVE 30

INFORMATION SHEET

Deciding the price of a product or service is not just a matter of recording production costs, adding the expenses of operating the business, and providing for a reasonable profit. If that were true, pricing would be easy for anyone good with figures. But much more than mathematical skill is required in making pricing decisions. Skillful pricing requires judgment. The responsibility for setting the prices of a firm's products, therefore, is usually assigned to key executives in the organization. Such executives are chosen because they have a thorough knowledge of the product, the market, and the many other factors that affect price.

Among the important factors considered when setting a price are (1) the costs and business expenses involved in the manufacture or distribution of the product, (2) its fashion and seasonal appeal, (3) the competition, (4) government price regulations, and (5) supply and demand.

UNIT: PREPARING THE MARKETING MIX

COMPETENCY: Explain the importance of channels of distribution to both consumers and marketing firms.

PERFORMANCE OBJECTIVE 31:

Given class discussion, explain the importance of channels of distribution for both consumers and marketing firms.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing,** Chapter 24.

TEACHING ACTIVITIES:

1. Assign the following project:

   The selection of a channel of distribution for a product is affected by the nature of the market and the characteristics of intermediaries. For each product listed on the form below, place a check mark in the appropriate column or columns to indicate the characteristics of intermediaries to be considered in selecting its channel of distribution.

		Characteristics of Intermediaries		
	Product	**Services**	**Reputation Ability**	**Selling Cost**
Example:	Cabbage			
	Coal			
	Diamond ring			

PERFORMANCE OBJECTIVE 31

Teaching Activities (Continued)

Automatic washer

Television set

Piano

Lathe

Lubricating oil

Typewriter

Cola syrup

Carpeting for a department store

2. Assign the following projects:

   a) Select one leading soil crop (i.e. soybeans) and one leading livestock crop (i.e. chickens) - then chart the path of each product from the farmer to the consumer.
   b) Name a producer that markets through its own retail stores. What advantage does this producer gain?

PERFORMANCE OBJECTIVE 31

EVALUATION

QUESTIONS:

1 Distribution channel people who move goods or services from producers to consumers are called

a. retailers.
b. forwarders.
c. intermediaries.
d. warehousers.

2. A path of ownership for a product on its way to the ultimate user is called a

a. channel of distribution.
b. line command.
c. chain of possession.
d. freight forwarder.

Answers: 1. (c)
2. (a)

PERFORMANCE OBJECTIVE 31

INFORMATION SHEET

Producers and manufacturers provide products in large quantities; individuals consume products in small amounts. Also, most consumers do not live near the locations where goods are produced. How, then, do manufacturers and producers get their products to consumers?

The path that a product or service follows from the manufacturer or producer to the consumer or industrial user is called a **channel of distribution.** The channel includes the producer or manufacturer, the customer, and all intermediaries. A middleman or intermediary is a business firm operating between the producer or manufacturer and the consumer or industrial buyer that aids the movement of goods. Intermediaries are often able to perform the marketing functions more efficiently than manufacturers or producers. A channel of distribution, then consists of businesses linked by a common goal: to make a product or service available for purchase.

UNIT: PREPARING THE MARKETING MIX

COMPETENCY: Discuss promotion and how the selection of the right promotion affects the marketing mix of a product.

PERFORMANCE OBJECTIVE 32:

Given classroom discussion, discuss the effects of promotion on the marketing mix of a product.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing,** Chapter 12.

TEACHING ACTIVITIES:

Assign the following for class discussion:

1. What was the last new product you bought? Where did you get information on this product? What source was the most important?
2. Oranges, apples, and potatoes have been promoted heavily in the last 25 years through the cooperative efforts of growers. Have these promotions been successful in shifting demand curves upward and to the right?
3. Why do companies have to spend much more to promote new products than established products?

EVALUATION

QUESTIONS:

1. When large quantities of products and services are moved along channels of distribution, the concept is referred to as
    - a. mass production.
    - b. mass distribution.
    - c. market segmentation.
    - d. mass consumption.
2. Sales promotion has not played a key role in introducing which of the following new products?
    - a. Computers
    - b. Microwave ovens
    - c. Video game machines
    - d. Denim washcloths

Answers: 1. (b)
2. (d)

INFORMATION SHEET

Not long ago small businesses relied on word of mouth to increase sales. A store owner might place a notice in the show window to attract buyers who would then tell friends about their purchases. In today's fastpaced world of advanced technology and instant communication, sign in the window promotion is not enough.

The promotional efforts of a marketing business are important for several reasons. First, they are critical if products and services are to move along the channels of distribution. Mass production depends on mass distribution, and promotional activities are an important part of making mass distribution possible. Efficient promotional techniques contribute to economic strength, growth, and the high standard of living enjoyed by many people in the United States by stimulating the demands for goods and services. When demand is increased, employment opportunities are provided for workers who produce and distribute the items involved. Increased employment means that more people are earning money that can be spent on goods and services. This cycle makes possible a higher standard of living through increased consumption.

Second, promotion plays a key role in introducing new products or services to the marketplace. The value of new products or services is often unknown. A company must demonstrate their usefulness and persuade buyers to purchase the new products--computers, microwave ovens, mobile telephones, video games, video discs--that have become part of American life in the past few years. The companies that are leaders in these new product fields have active, well- organized promotional plans.

Finally, promotion provides employment opportunities. Millions of people are employed in careers in advertising, visual merchandising, public relations, personal selling, and sales promotion. For instance, in 1970 there were slightly more than five million people employed in personal selling careers in the United States. By 1980 there were nearly seven million people employed in this field. This figure is expected to grow to nine million by 1990. Promotion will become increasingly important and career opportunities in this field will continue to expand as marketing becomes more critical to the United States economy.

PREPARING MERCHANDISE FOR MARKETING

Competencies

Discuss the products - tangibles and intangibles
Describe product lines
Identify the product planning objectives
Prepare a list of the steps to develop a new product
Describe and label the stages of a product life cycle and discuss influences on the product life cycle
Identify basic product strategy decisions and discuss product modification
Define branding
Define brand name
Define the concept of brand mark
Define trade mark
Define private brand (private brand label)
Illustrate elements to consider when brand name is at stake: favorable impression; reputation for quality; repeat sales encouraged
Discuss brand-name strategies
Describe how products are test marketed
Describe the legal aspects of marketing
Describe the various types of advertising strategies used in marketing

UNIT: PREPARING MERCHANDISE FOR MARKETING

COMPETENCY: Discuss products - tangibles and intangibles.

PERFORMANCE OBJECTIVE 33:

Given class discussion on the concept of product, describe it as used in marketing.

RESOURCES:

Lynch, Ross and Wray. **Introduction to Marketing**, Chapter 2.
Stull and Hutt. **Marketing: An Introduction**, Chapter 4.

TEACHING ACTIVITIES:

1. Assign the following project:

   The consumer market is constantly changing and the changes create increased demand for products. Prepare a form like the following one. In the lefthand column, list the following activities that a family might begin doing or do more often after moving from a city apartment to a suburban home: (a) outdoor cooking, (b) household repairs, (c) outdoor recreation, (d) gardening. In the right-hand column, list at least five products or services that the family would need because of these activities.

Family Activity	**Demand for Products**
Weekend camping trips	Tent, sleeping bags, canoe, boots, cooking utensils.

2. Assign the following for class discussion:

   a) Services are intangible. How does this characteristic influence the marketing of services?
   b) What are key product features to emphasize in selling intangibles?

PERFORMANCE OBJECTIVE 33

EVALUATION

QUESTIONS:

1. What people want in products can be described as
    - a. market mix.
    - b. target saturation.
    - c. buyer benefits.
    - d. emotional features.
2. In marketing, which of the following is not a product?
    - a. Buyer benefits
    - b. Physical features
    - c. People services
    - d. Statistical facts

Answers: 1. (c)
2. (d)

PERFORMANCE OBJECTIVE 33

INFORMATION SHEET

One can look at the product concept by referring to a tennis racket. Why would a consumer purchase it? What clues are there in a tennis racket that suggest the concerns marketers should have in developing a product concept? A product is purchased for more reasons than its physical features. Every product is a set of problem solving benefits; this is the basic concept of the total product. Marketers develop a product concept by first determining what people really want in the product. Marketers have to market these basic benefits. The features of the product then are developed to satisfy the benefits that are desired by the customer. The features include the tangible object, brand name, package, quality, and styling. Related services complete the total product. These include services such as warranty, repair user instructions, delivery, and follow-up training and advice. If these ideas are combined, we arrive at a product concept that has three levels: basic benefits, physical features, and related services.

We have now put together the ideas needed to define a product. A **product** is a combination of benefits, physical features, and services designed to satisfy the needs of a market. Remember that a market includes people with the purchasing power and the willingness to buy specific products and services. Marketers must keep in mind that the actual meaning of a product is the perception of the total product by the consumer or industrial buyer.

From a consumer's viewpoint, a product can be tangible or intangible items. A product can be an automobile or a travel cruise to Bermuda. Obviously, the characteristics of each product are different. The tangible automobile is available for evaluation and inspection before buying. The intangible travel cruise is not available for evaluation; the customer must choose a plan from brochures, use judgment in making a choice and then make a decision on the basis of what the trip will mean to the customer. The actual value of the cruise will not be received until the cruise is completed.

UNIT: PREPARING MERCHANDISE FOR MARKETING

COMPETENCY: Describe product lines.

PERFORMANCE OBJECTIVE 34:

Given class discussion and demonstration, describe product lines, to include marketing uses.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing**, Chapter 5.

TEACHING ACTIVITIES

Assign the following for class presentation:

1. What kinds of advertisements are most valuable to consumers? Give an example.
2. If you were to purchase the following items, for which of them would you seek the advice of a specialist. Give reasons for each answer.
   a. A study desk
   b. A microcomputer
   c. A pair of jeans
   d. A used car
3. Have students select five different companies and research these companies to determine their product lines.

EVALUATION

QUESTIONS:

1. A group of products with similar functions is called a/an
   a. product item.
   b. assembly line.
   c. picket line.
   d. product line.
2. From a marketing point of view, a set of remote control paddles for a video game is called a
   a. product line.
   b. credit line.
   c. credit item.
   d. product item.

Answers: 1. (d)
2. (d)

PERFORMANCE OBJECTIVE 34

INFORMATION SHEET

A product mix is developed by putting together a number of products lines. A **product line** is a group of closely related products. A group of products may be considered related for several reasons. Products may be included in a line because they have a similar function. For example, a line may include a variety of video games. That line would be made up of a number of product items. A product item is a separate unit that can be identified by a different brand name, number, price, size, color, or one of many other attributes. Examples of product items in a line of video games might include such brand names as Atari Space Invaders, Coleco Vision Zaxxon, and Mattel Intellivision Star Strike. Additional items would be dozens of game cartridges, storage modules, remote controls, and add on equipment items. As new products are developed, the marketer expands a product mix by adding new lines and new items. Of course, the size of the mix is affected by the number of lines and items that are dropped or reduced.

UNIT: PREPARING MERCHANDISE FOR MARKETING

COMPETENCY: Identify the product planning objectives.

PERFORMANCE OBJECTIVE 35:

Given class information, identify typical product life cycle (PLC) planning objectives in marketing.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing**, pp. 166-74.

TEACHING ACTIVITIES

1. Assign the following project:

   Gather four written guarantees and read them carefully. Make two lists from the guarantees. First, list all statements that give you specific information or instructions. Second, list all statements that are vague or general. Finally, evaluate each guarantee and rate it as either acceptable or unacceptable.

2. Assign the following for class discussion:
   a) How does fashion influence the PLC?
   b) Should marketers constantly seek new ways to modify products? Explain why or why not?
   c) When planning, should marketers treat services in the same way as goods?

EVALUATION

QUESTIONS:

1. The product life cycle (PLC) is used to do which of the following?

   a. Predict next year's sales
   b. Manage the sales force
   c. Manage the product
   d. Predict profits

2. As used in marketing, product life cycle is composed of how many stages?

   a. Two
   b. Three
   c. Four
   d. Six

Answers: 1. (c)
2. (c)

INFORMATION SHEET

Marketers use product life cycle (PLC) analysis to help them plan strategies for marketing products in each stage. Each of the four stages (introduction, growth, maturity, and decline) may require specific applications of the marketing mix in the form of strategy techniques. For example, certain types of promotion may be more effective during introduction than during maturity. A lower price may be used during introduction, and a higher price may result in increased sales during the growth stage. Marketers can use the PLC to compare the marketing of similar products. If a company introduced a new breakfast cereal 2 years ago, it can follow a new cereal's sales progress and PLC pattern today. Marketers use the PLC to help time the introduction of new products in relation to current products. If you introduce a new flavor or model or a product in your brand name while another one of your products is in the growth stage, you may steal sales from it and cause it to mature too early. Also, marketers use the PLC to help extend the life of a successful product or decide when to drop an unsuccessful one. Thus, the fundamental purpose of the product life cycle is to manage the product. When marketers talk about managing the PLC, they actually mean that they are using measures of sales, profits, time, rate, customers, and competition to help make decisions about product marketing.

UNIT: PREPARING MERCHANDISE FOR MARKETING

COMPETENCY: Prepare a list of the steps to develop a new product (include product life cycle).

PERFORMANCE OBJECTIVE 36:

Given class information and description, the steps used in development of a new product will be described. The six steps (generating ideas, screening ideas, evaluating ideas, preparing a prototype, listing, and introducing the product) used in new product development will be described.

RESOURCE:

Mason, Rath and Ross. **Marketing Principles and Practices.** Chapter 15.

TEACHING ACTIVITIES:

Assign the following project for class discussion:

1. Given a new product, describe the marketing techniques used to introduce and promote the product, and analyze its position in the market.

2. Select a new product that has been introduced on the market recently. Obtain information about the product from sources such as advertising, salespeople, customers using the product, the manufacturer's written material, and your own observation of the product. Collect advertisements, booklets, tags, labels, and other information you gather, answer the following questions:

   a. At what market is this product aimed?
   b. How was the product introduced and promoted?
   c. What is the product's relationship to competition?
   d. Why, in your opinion, will this product be successful or unsuccessful?

3. Using your answers to the above questions and your collected product materials, give an oral report in class.

PERFORMANCE OBJECTIVE 36

EVALUATION

QUESTIONS:

1. One way to get ideas from customers is to

   a. run ads with questions.
   b. conduct customer surveys.
   c. analyze sales figures.
   d. develop new television ads.

2. In marketing, the product development process can be divided into how many steps?

   a. Two
   b. Four
   c. Six
   d. Eight.

Answers: 1. (b)
2. (c)

INFORMATION SHEET

New products do not just appear. Once a consumer need is established and product planning objectives are known, the company is ready to begin the actual development of the product.

The product development process can be divided into six steps: (1) generating ideas, (2) screening ideas, (3) evaluating ideas, (4) preparing a prototype of the product, (5) testing the product, and (6) introducing the product into the marketplace.

Ideas for new products can come from a company's customers, employees, research staff, or competitors. They can also come from other organizations that know the market well. Sometimes an idea can even be born from a mistake.

Marketers collect new product ideas from customers in a number of ways. They conduct customer surveys, they invite product suggestions, and they study what customers prefer to buy. Customers are an important source of new product ideas because their reactions to a new product will determine whether that product is going to be a success.

Company employees can also be a good source of new product ideas. Company salespeople, for instance, have studied the features of existing products. They are alert to new ways to satisfy customer needs and wants. Wholesale salespeople talk regularly with dealers and get their ideas for products that will sell. In addition, management people know the strengths of the company. They may know where product ideas are needed.

Many companies search for new product ideas through research in laboratories. Experiments are conducted with new materials and new technologies. New clothing products from synthetic fibers and new electronic products from transistors are two good product ideas developed in laboratories. Many new product ideas may develop from minor changes in existing products.

Research organizations and trade associations are good sources of new product ideas because of their general knowledge both of a particular industry and the market it serves. Such organizations suggest new product ideas, and often they screen and evaluate them.

Many new products have an identifiable life cycle which is represented by its sales history. Knowing the product life cycles of current items offers some insight in developing new products or making modifications to existing ones. The product life cycle is usually divided into four stages: introduction, growth, maturity, and decline. The marketing person studying new ideas for products needs to be able to identify the products in each PLC stage and then make judgments about new ideas.

UNIT: PREPARING MERCHANDISE FOR MARKETING

COMPETENCY: Describe and label the stages of a product life cycle and discuss influences on the product life cycle.

PERFORMANCE OBJECTIVE 37:

Given class discussion and information, describe the stages of a product life cycle.

RESOURCE:

Mason, Rath and Ross. **Marketing Principles and Practices,** Chapter 14.

TEACHING ACTIVITIES:

Assign the following for class discussion:

1. What is a **new** product? What changes, modifications, and features do marketers use to promote a product as new? You can answer these questions by watching advertisements and observing products on display in stores. Make a list of at least five new products; analyze what is new about each.

EVALUATION

QUESTIONS:

1. Total profits of a product tend to peak in which stage of the product life cycle?

   a. Introduction
   b. Growth
   c. Maturity
   d. Decline

2. Which period is one of rapid product sales in the product life cycle?

   a. Introduction
   b. Growth
   c. Maturity
   d. Decline

Answers: 1. (c)
2. (b)

PERFORMANCE OBJECTIVE 37

INFORMATION SHEET

After the introduction of a new product, marketers hope to keep it alive for a long time. The marketer's goal is to develop a product that generates sales and produces a satisfactory profit during its life on the market. The stages that a product passes through from introduction to removal from the market are called a **product life cycle.** The product life cycle (PLC) is most commonly thought of as the progression of a product through four stages: introduction, growth, maturity, and decline. If the product fails to provide a satisfactory return after a long period of rapidly declining sales, it is dropped, and marketing efforts are applied to new or successful products.

Stages of PLC:

1. Introduction is a period of beginning sales that usually increase slowly without generating profits.

2. Growth is a period of rapid sales increase and high unit profits.

3. Maturity is a period of a decreasing rate of sales increase and eventually a level amount of sales. Total profits peak early in this period and then start to decline.

4. Decline is a period when sales and profits decrease at a rapid rate.

The product life cycle is not the same for all products. Some products may reach a growth stage quickly, peak in sales, and decline very rapidly. For example, a toy product introduced for Christmas may go through its entire PLC from October to January. Some products, such as Kleenex facial tissue may stay in a maturity stage for many years. Durable products such as color television sets may remain in each stage for a great many years.

UNIT: PREPARING MERCHANDISE FOR MARKETING

COMPETENCY: Identify basic product strategy decisions and discuss product modification.

PERFORMANCE OBJECTIVE 38:

Given class discussion, describe basic product strategy and product modification, to include technical change, competitive entry and market acceptance.

RESOURCE:

Mason, Rath and Ross. **Marketing Principles and Practices.** Chapter 14.

TEACHING ACTIVITIES

1. Assign the following project:

   The more uses a product has, the greater will be its sales potential. In the center column of the form below, write the primary use of each product listed at the left. In the right-hand column, describe two other uses for each product.

Product	Primary Use	Other Uses
Example: Baby shampoo	For babies' hair	For adults who shampoo their hair often, for small pets.
Small plastic cabinet		
Dish detergent		
Cellophane tape		
Scouring pad		
Paper towels		
Plastic pail		

PERFORMANCE OBJECTIVE 38

Teaching Activities Continued

2. Assign the following for class discussion:

   a) Suggest modifications for each of the following goods or services.

      1. Chewing gum
      2. Hair dryer
      3. Lawn mowing
      4. Delivery service

   b) Other than changing the features of a product, how can marketers keep or improve market share for their products/services?

EVALUATION

Questions:

1. Once a product has been introduced to the market, the marketer's goal is to move it quickly to the

   a. introductory stage.
   b. growth stage.
   c. maturity stage.
   d. declining stage.

2. The general trend in product life cycle is

   a. toward shorter life cycles.
   b. toward longer life cycles.
   c. toward erratic life cycles
   d. toward unchanged life cycles.

Answers: 1. (b)
2. (a)

INFORMATION SHEET

Marketers have many reasons for using the product life cycle as a decision-making concept. One of the most important is the need for the marketer's new products to become profitable as quickly as possible. As was discussed earlier in this chapter, the development of new products is expensive and risky. Once a product has been introduced to the market, the marketer's goal is to move it to the growth stage as quickly as possible. Another important reason for effective PLC use is the general trend toward shorter life cycles. This trend places more pressure on the marketer to make good product management decisions. A shorter life cycle may be caused by the following situations.

Technical Change. If technical change in a specific industry occurs at a faster rate, certain products will have a shorter life cycle. Industries affected by electronic technology are causing shorter life cycles in calculators, audiovisual equipment, and computers. Improved models are preferred by customers and often make previous models obsolete.

Competitive Entry. If it is relatively easy for competitors to market products similar to yours, these products will tend to have a shorter life cycle. New models will need to be developed sooner to meet the competition. In some cases, a change in promotion or distribution may meet competition. In one classic marketing example, there were 52 competing electric toothbrushes on the market within 2 years after General Electric entered the consumer market with one. Of course, protective patents and high costs of production slow the life cycle of some products.

Market Acceptance. If consumers like a product idea and accept it quickly, the product will reach the maturity stage sooner than usual for that type of product. Whether it stays in the maturity stage for a long time depends on consumer preferences and continued support. In general, today's consumers are accepting new ideas faster than the consumers of several years ago. Consumers want change and this leads to shorter life cycles. Rapid change in clothing fashions, fads, and high technology products are obvious. Even staple items such as paper towels are changed by modification of size, design, color, package, and sometimes function.

UNIT: PREPARING MERCHANDISE FOR MARKETING

COMPETENCY: Define branding.

PERFORMANCE OBJECTIVE 39:

Given classroom discussions, describe the concept of branding as it applies to marketing.

RESOURCE:

Mason, Rath and Ross. **Marketing Principles and Practices.** Chapter 15.

TEACHING ACTIVITIES:

1. Assign the following project.

   An effective brand name is a valuable part of a product. Prepare a form like the one below. In the left-hand column, list the following brand names: (a) Holsum, (b) Turf-Builder, (c) Friskies, (d) Tang, (e) Baggies.

   In the next column, list the following products: (a) bread, (b) lawn fertilizer, (c) pet food, (d) orange drink, (e) plastic bags. Note that each of these products corresponds to the brand name with the same letter, which you listed in the left-hand column.

   In the right-hand column, write an analysis of the characteristics of each brand name.

Brand Name	**Product**	**Analysis**
Timex	Watch	A short name, easy to remember, indicates the type of product (time).

2. Assign the following for class discussion:

   a) Describe some ways that a middleman might benefit from the use of private brands?

   b) Why is the selling and buying of licensed brands increasing rapidly as a marketing strategy?

PERFORMANCE OBJECTIVE 39

EVALUATION

QUESTIONS:

1. To be legal, brand names must be

    a. recorded with Federal Trade Commission.
    b. registered by the Department of Consumer Affairs.
    c. used for 6 months continuously.
    d. registered with the U. S. Patent Office.

2. The customer who wears Izod clothes, drives a new Ford Thunderbird and drinks Coke probably identifies with

    a. store brands.
    b. designer labels.
    c. nationally advertised brands.
    d. private labels.

Answers: 1. (d)
2. (c)

PERFORMANCE OBJECTIVE 39

INFORMATION SHEET

Branding is the strategy of using a name, design, symbol, or combination of these elements to identify the products and services of a marketer. The overall purpose is to develop a brand that effectively differentiates a product from the products of competitors.

The importance of branding is obvious. People use the brand names for identification and communication. Customers can develop a loyalty to a brand and buy it repeatedly over time. Customers can use brand names to shop and buy more efficiently. Brands are used by customers to reduce risk. The brand is of consistent quality or it is not purchased again. The brand name actually becomes the product in the customer's perception. The customer wears an Izod, drives a Mustang, runs in Adidas, and drinks Dr. Pepper. The customer does not need more words to identify the product. With the national advertising of these brands, additional information is not necessary.

UNIT: PREPARING MERCHANDISE FOR MARKETING

COMPETENCY: Define brand name.

PERFORMANCE OBJECTIVE 40:

Given classroom discussion and examples, define brand names, to include the element of broadcasting effects.

RESOURCE:

Mason, Rath and Ross. **Marketing Principles and Practices.** Chapter 15.

TEACHING ACTIVITIES:

1. Assign the following for discussion:
   Creating a brand name is an important task. Prepare a form like the one below. List these products in the left-hand column: (a) portable radio, (b) soft drink, (c) automobile, (d) ball point pen. In the next two columns, briefly describe the product and write the brand name you invent for it. In the right-hand column, explain your reason for choosing the brand name.

Type of Product	Description of Product	Brand Name Chosen	Reason for Choice
Breakfast food	Pieces of cereal shaped like popular cars.	Car Snaps	Short name; has crisp, lively sound

2. Assign the following for class discussion:
   a) Licensing of brand names can be a very important marketing strategy. List 5 licensed brands and the products which use each brand name.

   b) Give the characteristics of a successful brand name and why each is important.

PERFORMANCE OBJECTIVE 40

EVALUATION

QUESTIONS:

1. Kleenex is an example of a

   a. trade mark.
   b. brand name.
   c. trade name.
   d. store brand.

2. All of the following are brand names except

   a. bufferin.
   b. anacin.
   c. aspirin.
   d. tylenol.

Answers: 1. (c)
2. (c)

INFORMATION SHEET

A **brand name** is that part of a brand that can be spoken. It may be a word, a group of words, a letter, a number, or any combination of these. Almost all the products in the marketplace carry brand names. The American consumer is familiar with such brand names as Kellogg's, Kleenex, Betty Crocker, and 7-Up.

UNIT: PREPARING MERCHANDISE FOR MARKETING

COMPETENCY: Given class illustrations, define the concept of brand mark.

PERFORMANCE OBJECTIVE 41:

Given class illustrations, define the concept of brand mark, to include symbols, designs, letters, and colors.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing.** Chapter 6.

TEACHING ACTIVITIES:

Assign the following for class discussion.

1. Do you feel a report on an item from a product testing agency would be reliable? Explain your answer.

2. On which of the following items would you be likely to see the UL seal?
   a. electric blanket
   b. laundry detergent
   c. scissors
   d. study lamp
   e. baby's pajamas
   f. carton of milk.

3. Using newspaper or magazines, have students cut out or trace the brand mark from 10 different brands.

EVALUATION

QUESTIONS:

1. Which of the following would be considered a brand mark?

   a. Galloping horse
   b. John Deere's leaping deer
   c. A smiley face by itself
   d. Italics print

2. Brand marks are most often associated with

   a. private brands.
   b. generic products.
   c. national brands.
   d. unpackaged items such as produce.

PERFORMANCE OBJECTIVE 41

3. The lightning symbol used in the Zenith brand name is called a

   a. trade mark.
   b. brand name.
   c. brand mark.
   d. private brand.

Answers: 1. (b)
2. (c)
3. (c)

PERFORMANCE OBJECTIVE 41

INFORMATION SHEET

A **brand mark** is a symbol, design, letters, or special colors that you associate with a specific brand. Examples include the walking fingers of the Yellow Pages, Chrysler's five pointed star, and John Deere's leaping deer symbol. A brand mark is usually an item that cannot be registered as a trademark - the symbol is too general - but becomes associated with a particular company or product.

The distinctive symbol that is used along with a brand name on a product is called a brand mark. Some familiar brand marks are the shell sign of the Shell Oil Company, the lightning symbol of Zenith, and the Colonel of Kentucky Fried Chicken.

In the examples below, the brand names are AT&T, Hotpoint and General Electric. The brand marks are the symbols that accompany each brand name.

UNIT: PREPARING MERCHANDISE FOR MARKETING

COMPETENCY: Define the trademark.

PERFORMANCE OBJECTIVE 42:

Given class information, define the concept of trademark.

RESOURCE:

Mason, Rath and Ross. **Marketing Principles and Practices.** Chapter 15.

TEACHING ACTIVITIES:

1. Assign the following project:

   An effective brand name is a valuable part of a product. Prepare a form like the one below. In the left-hand column, list the following brand names: (a) Holsum, (b), Turf-Builder, (c) Friskies, (d) Tang, (e) Baggies.

   In the next column, list the following products: (a) bread, (b) lawn fertilizer, (c) pet food, (d) orange drink, (e) plastic bags. Note that each of these products corresponds to the brand name with the same letter, which you listed in the left-hand column.

   In the right-hand column, write an analysis of the characteristics of each brand name.

2. Have students cut out 10 examples of trademarks from newspapers or magazines.

Brand Name	Product	Analysis
Timex	Watch	A short name, easy to remember; indicates the type of product (time).

PERFORMANCE OBJECTIVE 42

EVALUATION

QUESTIONS:

1. A name of the symbol that has been given legal protection in marketing is called a

   a. national brand.
   b. private brand.
   c. trademark.
   d. brand name.

2. Trademarks are registered with which government agency?

   a. Internal Revenue Service
   b. U. S. Census Dept.
   c. Commerce Dept.
   d. U. S. Patent Office

Answers: 1. (c)
2. (d)

PERFORMANCE OBJECTIVE 42

INFORMATION SHEET

A **trademark** is a brand name or brand mark that has been given legal protection. Marketers use a ^{TM} after the brand to tell competition that it is theirs. This means that the company has applied for registration of its brand with the U.S. Patent Office. When the brand is approved by this office, the company receives a registered trademark and puts an ^{R} beside the brand.

Here are some examples of trademarks:

1.

2.

3.

4.

1. Pure wool fabrics - trademark of the wool Bureau
2. Eastern Airlines
3. Quaker food products
4. Sherwin-Williams paints

UNIT: PREPARING MERCHANDISE FOR MARKETING

COMPETENCY: Define private brand (private brand label).

PERFORMANCE OBJECTIVE 43

Given class discussion, define private brands as used in marketing.

RESOURCES

Lynch, Ross and Wray. **Introduction to Marketing.** Chapter 6.

TEACHING ACTIVITIES

Assign the following projects:

1. Many supermarkets carry two types of brands--national, and private. Name two food products you would feel comfortable buying under each type of brand. Tell why you made the selections you did.
2. For each article listed below, tell whether you would choose to buy a higher quality item or whether you would choose a lower but acceptable quality item. Which would, in turn, be lower in cost? Give reasons for each choice.
    a. Outdoor paint for your two story frame home
    b. Tires for the car your brother drives a few miles into town to work each day
    c. Shoes for school
    d. A wallet to give to your father, who is a salesperson
    e. A ball point pen for school use
3. Have students list at least 10 private brands and comparable national brands for each private one.

EVALUATION

QUESTIONS:

1. Another term for manufacturer's brand is
    a. trade discount.
    b. intermediary's brand.
    c. national brand.
    d. generic brand.

PERFORMANCE OBJECTIVE 43

2. The term given brands for products marketed by large retailers is

   a. national brands.
   b. private brands.
   c. public domain.
   d. trade agreements.

   Answers: 1. (c)
   2. (b)

PERFORMANCE OBJECTIVE 43

INFORMATION SHEET

One classification system is based on who owns the brand: the manufacturer or the intermediary. A manufacturer's brand is used on products owned and sponsored by a manufacturer whose primary function is production. Marketers often refer to these brands as national brands, but this does not necessarily mean that they are distributed nationally. Intermedaries' brands are owned and controlled by retailers and wholesalers. These brands often are referred to as **private brands.** Most of the products in the United States are manufacturers' brands. They are often respected brands, heavily advertised and consistent in quality wherever sold. Intermediaries create their own brand names for several reasons: to benefit from customer brand loyalty, control costs and increase profit margin, and increase sales and profit. Large retailers such as Sears and J. C. Penney market many private brands. For example, Sears successfully markets its well known private brands for batteries (Diehard), tools (Craftsman), appliances (Kenmore), and many other products.

UNIT: PREPARING MERCHANDISE FOR MARKETING

COMPETENCY: Illustrate elements to consider when brand name is at stake:
- favorable impression
- reputation for quality
- repeat sales encouraged.

PERFORMANCE OBJECTIVE 44:

Given class discussion and illustrations, describe the three main reasons for promoting brand names.

RESOURCE:

Mason, Rath and Ross. **Marketing Principles and Practices.** Chapter 15.

TEACHING ACTIVITIES

Assign the following for class discussion.

The package is an important part of most products. Observe new ideas in product packaging for at least five types of products. The drugstore, supermarket, hardware store, and department store are great places to get many ideas. Then answer the following questions about each of the products:

1. What is new in packaging in general?
2. What is new in packaging certain types of products?
3. What package changes are making a difference in consumer purchases of specific products? For example, are soft drinks increasingly packaged in plastic bottles?
4. Have students analyze the brand name of five products relating to (1) favorable impression, (2) reputation for quality, (3) encouragement of repeat sales.

PERFORMANCE OBJECTIVE 44

EVALUATION

QUESTIONS:

1. Which of the following names would tend to create an impression of luxury and elegance?

   a. Cornhusker
   b. Golddigger
   c. Aristocrat
   d. Mudslinger

2. The name selected for a man's cologne would most likely need to reflect which of the following qualities?

   a. Charm and strength
   b. Dainty and refined
   c. Pretty and polite
   d. Childlike and innocent

Answers: 1. (c)
2. (a)

PERFORMANCE OBJECTIVE 44

INFORMATION SHEET

All manufacturers take pride in their products. Marketing their products with a brand name is one way of showing this pride. However, as mentioned earlier, manufacturers have three other important reasons for using a brand name: to create a favorable impression of their products, to build a reputation for quality, and to encourage repeat sales.

A brand name plays a large role in the impression a product makes on prospective customers. If they are favorably impressed by the brand name of a product, customers are likely to buy the product. For instance, customers may buy certain brands of cosmetics because they convey the image of love, strength, or increased charm. House hunters may be attracted to model homes with names such as "Aristocrat" or "Excelsior" that create the impression of luxury and elegance.

Customers learn to depend on and trust a quality brand name product. A company working to build and maintain its reputation must provide the customer with brand name products of consistently high quality regardless of where the products are bought.

A company with a reputation for a quality product usually invests much time and effort in improving its product. Such improvement is essential in order for the product to stay ahead of competition. The aim is always to offer a product that maintains a reputation for quality and that continues to satisfy the customers' needs and wants. If a customer is satisfied with a particular brand, she or he tends to buy it again. Branding encourages repeat sales because the customer has used the brand name product, knows that it fits needs and wants, and has little reason to take a chance on another brand. Once customers find the brand they like, shopping becomes easier. No longer does the customer have to make a decision about which product to buy on each shopping trip.

In retail stores the products of various manufacturers are often stocked together on the shelves. A customer without a strong brand preference is likely to buy any brand. To prevent this, a manufacturer must build strong customer preference for one brand. Only then will this product be able to withstand the intense competition in the marketplace.

UNIT: PREPARING MERCHANDISE FOR MARKETING

COMPETENCY: Discuss brand name strategies.

PERFORMANCE OBJECTIVE 45:

Given class discussion, discuss strategies in selecting brand names.

RESOURCE:

Mason, Rath and Ross. **Marketing Principles and Practices.** Chapter 15.

TEACHING ACTIVITIES:

Assign the following project:

1. Given the brand names for actual products, evaluate the characteristics and marketing effectiveness of each brand name.
2. Select five brand names of actual products. Then collect examples of the use of each brand name in magazine and newspaper advertisements. Prepare a form like the one below, and list each brand name and the manufacturer's name in the left-hand column. In the center column, briefly describe the product that the brand name represents. In the right-hand column, evaluate the marketing effectiveness of each brand name. Support your evaluation by asking others how they react to each brand name.

   Attach the brand name ads you collected to your completed form.

Brand Name	Description of Product	Evaluation of Brand Name
Pinto by Ford Motor Company	Small economy car	Creates the impression of a colorful, spirited pony. Ties in effectively with Ford's family of horse names: Mustang, Maverick. Name is short and easy to say and remember. Suggests economy, durability, freedom, and fun.

PERFORMANCE OBJECTIVE 45:

EVALUATION

QUESTIONS:

1. The brand names of Kodak and Chevrolet are using the branding strategy of

    a. individual products.
    b. family brands.
    c. price lines.
    d. generic names/product lines.

2. The course of action a company uses in promoting its products is called a/an

    a. advertising budget.
    b. demographic report.
    c. marketing strategy.
    d. performance evaluation.

Answers: 1. (b)
2. (c)

PERFORMANCE OBJECTIVE 45

INFORMATION SHEET

A business organization usually follows a certain strategy in choosing a brand name. This strategy has a strong influence on the marketing methods used to promote and sell a product. An organization may decide to use one brand name for all products, one brand name for each product line, one brand name for each product, or one brand name for each grade or price line.

A brand name that is used for all the products of a company is called a **family brand.** Examples of well known family brands are Campbell's, Heinz, Sunbeam, and Gerber. A major advantage of using a family brand is that any new products introduced by the company will benefit from the established reputation of the existing products. Each marketing effort for any given product in the "family" tends to promote all the products sold under the family brand.

A family brand is best suited to products in the same category. The inclusion of a product outside the category could spoil the image of the other products. Consider what customer response would be if a manufacturer of baby foods were to extend the line to include floor wax. The dissimilar product could lessen the company image. Thus the name "Kodak" on a package immediately tells a customer that he has a product related to photography, and "Kellogg's" means breakfast foods. To maintain consumer acceptance of the brand name, all products in the family should be of a similar type and should meet similar standards of quality.

Many manufacturers develop separate names for each of their products, especially when the products face stiff competition. For example, Proctor & Gamble makes the soaps Safeguard and Ivory. Rather than use a common name for both products (such as Procter & Gamble's soaps), the manufacturer assigned each a brand name. In this way, the products can be more heavily promoted individually than if a single family brand were used for both.

UNIT: PREPARING MERCHANDISE FOR MARKETING

COMPETENCY: Describe how products are test marketed.

PERFORMANCE OBJECTIVE 46

Given class discussion and examples, describe how products are test marketed.

RESOURCES:

Lynch, Ross and Wray. **Introduction to Marketing,.** Chapter 6.
Stull and Hutt. **Marketing: An Introduction,** Chapter 8.

TEACHING ACTIVITIES

1. Assign students to list at least five goods or services that a DECA club could sell. Screen these idea and write reasons for rejecting at least two. Then have students evaluate the advantages and disadvantages of each remaining idea. Finally, suggest how these ideas can be test marketed.

2. For each of the following types of companies, assign students to suggest a new product and a reason for adding it to an existing product line: (a) ice cream company, (b) self-service laundry, (c) office-furniture manufacturer, (d) dry-cleaning business, (e) grocery wholesaler.

Type of Business	Suggested New Product	Reason for Adding Product

PERFORMANCE OBJECTIVE 46

EVALUATION

QUESTIONS:

1. The purpose of test marketing is to
    a. Evaluate a product's marketing mix.
    b. Evaluate competition.
    c. Evaluate possible substitute products.
    d. Determine which stores will buy the new product.

2. Which of the following is a way to measure test marketing?
    a. Check inventories
    b. Analyze problems and complaints
    c. Examine the assembly line
    d. Check quality control

Answers: 1. (a)
2. (b)

PERFORMANCE OBJECTIVE 46

INFORMATION SHEET

Test marketing involves offering the new product in a sampling of markets to customers in normal buying conditions. The object is to test the product and its marketing program in actual markets in which consumers do not know that they are being tested. Consumer reaction can be measured in terms of sales volume, repeat purchases, and problems or complaints. Retailers and wholesalers can react to marketing strategies in relation to the new product. The overall purpose of test marketing is to get feedback on all the elements of the product's marketing mix.

The manufacturer of consumer products may test market a new food product in the supermarkets of a few cities. If market reaction to the product is good, the product may be introduced as quickly as possible throughout the national market. A national restaurant chain such as McDonald's or Wendy's may test market a new sandwich in a few stores in several different types of geographic markets. Frito-Lay's Tortitos were tested first in Houston and Phoenix and later in Minneapolis and Omaha. A retailer who owns nine stores may test a new product in only one.

Test marketing may be used to get the problems and defects out of the product before fullscale introduction. The test stage helps the marketer learn successful strategies for advertising, distributing, and selling. Sometimes adjustments in techniques earned in testing allow the marketer to reduce the risks and the costs of introduction. If the test is a success, the results may be used for other dealers to encourage them to market the new product.

UNIT: PREPARING MERCHANDISE FOR MARKETING

COMPETENCY: Describe the legal aspects of marketing.

PERFORMANCE OBJECTIVE 47

Given class discussion, describe the legal aspects of marketing, to include federal laws and ethics.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing.** Chapter 8.

TEACHING ACTIVITIES:

1. Assign the following for class discussion:
    a. Unfair trade practice acts deal primarily with pricing products. Why is it important for marketers to be familiar with these laws?
    b. Assume that you are a legislator in your home state. A bill is proposed that would outlaw the use of emotional appeals in any type of promotional activity. Would you support this bill? Why?
2. Contact the Chamber of Commerce or the Merchants Association and ask them about any recent or pending legislation that would effect marketing.
3. Invite a member of the Chamber of Commerce, Better Business Bureau, Merchants Association or a lawyer who handles this kind of case to serve as a guest speaker.

EVALUATION

QUESTIONS:

1. Federal laws usually apply only to
    a. marketing that is intrastate commerce.
    b. advertising that is interstate.
    c. marketing that is interstate commerce.
    d. advertising that is intrastate.
2. If a marketer in his business is ethical, this means that
    a. his merchandising practices are questionable.
    b. he sells bad merchandise.
    c. his sources of merchandise are good.
    d. his business policies attempt to be fair.

Answers: 1. (c)
2. (d)

PERFORMANCE OBJECTIVE 47

INFORMATION SHEET

Federal laws apply only to interstate commerce. Federal legislation affecting marketing is exemplified by such laws as the Food and Drug Act, Federal Trade Commission Act, Communications Act of 1934, Robinson-Patman Act, Lanham Trademark Act, Fair Packaging and Labeling Act, Consumer Credit Protection Act, Wool Products Labeling Act, Fur Products Labeling Act, Textile Fiber Products Identification Act, and Public Health Cigarette Smoking Act.

Robinson Patman Act 1936 - States that a seller cannot offer one customer one price and another customer a different price if both customers are buying the same product. Quantity discounts are allowed only if the buyer reduces vendor cost. (Strenghtened the Clayton Act)

Wheeler-Lea Act - The federal trade commission makes it unlawful for any person, partnership or corporation to use false advertising for the purpose of causing the purchase of food, drugs, devices and cosmetics.

Lanham Trademark Act - Created the U.S. Patent and Trademark Office to protect trademarks, copyrights and patents. No other company can use or duplicate these names, symbols, creativeness or products without permission and/or a freor royalty.

Sherman Antitrust Act of 1890 - Outlawed monopolies as a form of unfair economic competition.

Clayton Act of 1914 - Defined price discrimination as unlawful when it creates unfair competition.

Consumer Credit Protection Act (Truth-in-Lending Act) 1968 - Makes the true cost of consumer loans clear to everyone. States that lenders must tell consumers in writing how much interest is being charged.

The Food, Drug, and Cosmetic Act (1938) regulates the labeling of drugs, foods, cosmetics, and medical devices.

The Fair Packaging and Labeling Act was passed in 1967. It states that the information given on a package should tell the consumer exactly what the package contains. The product may then be compared with those of other manufacturers.

The Wood Products Labeling Act of 1939 defines wool as the hair fiber of sheep and relatives of the sheep family. Other hair fibers classified as wool by this act are alpaca, camel's hair, cashmere, guanaco, llama, mohair, and vicuna. The law defines terms which may be used on labels to describe the fiber content of woolen textile products. Different kinds of wool were recognized by the law and official definitions were established. These terms, defined by the law, must be used accurately on labels attached to woolen products to describe the fiber content.

PERFORMANCE OBJECTIVE 47

The Textile Fiber Products Identification Act (TFPIA) became effective in March, 1960. The law affects labeling and advertising of apparel, textiles used in home furnishings, bedding, and fabric floor coverings. Bedding refers to sheets, covers, blankets, comforters, pillows, pillowcases, quilts, bedspreads, and pads. It does not include furniture, mattresses, and box springs. All textile products not regulated by the Wool products Labeling Act are affected.

The Fur Products Labeling Act (1952) requires that a label for a fur garment state the natural name of the fur and its country of orgin.

Marketing ethics are a constant concern of the marketing manager. They provide standards by which decisions can be judged "right" or "wrong." Unfortunately, there are no universal ethical standards by which the marketing manager can judge marketing activities. Most managers normally operate under a system of relative ethics rather than absolute ethics. As a result, promotion practices can be divided into ethical practices, those that are unethical, those that are open to serious moral questions, and those that need examining.

In judging the ethics of marketing, managers can use self interest, legal ethics, voluntary codes, or personal convictions for criteria. Ethics are improving because of legislation, Better Business Bureaus, advertising media, advertising organizations, and trade associations.

UNIT: PREPARING MERCHANDISE FOR MARKETING

COMPETENCY: Describe the various types of advertising strategies used in marketing.

PERFORMANCE OBJECTIVE 48:

Given class discussion, describe the various types of advertising.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing,** Chapter 12.

TEACHING ACTIVITIES:

1. Assign the following project:

   An important factor in selecting media is the audience that the advertiser wants to reach. Prepare a form like the one below. In the left- hand column, list the following five products: (a) sports cars, (b) cosmetics, (c) gas and oil, (d) food items, (e) phonograph records. In the center column, write the name of a specific magazine, newspaper, radio program, or TV show that would be a suitable medium for advertising each product. In the right-hand column, write the reason for your selections based on the audience reached through each medium.

Product	**Specific Medium**	**Reason for Choice**
Sporting goods	**Sports Illustrated**	Magazine is read widely by sports fans.

2. Assign the following for class discussion:

   a) Would an advertiser use the same kind of advertising for a new product as for a well-established product? Illustrate your answer with an example from your experience.

   b) Some critics say advertising is unnecessary and serves no useful purpose. Why do marketers disagree?

PERFORMANCE OBJECTIVE 48

EVALUATION

QUESTIONS:

1. The two basic types of advertising are product and

   a. correctional.
   b. constitutional.
   c. institutional.
   d. informational.

2. In which of the following situations would a marketer probably use product advertising?

   a. To create consumer interest in a new business to the area
   b. To demonstrate the company's role in community affairs
   c. To present information to the public
   d. To keep the company name before the public

Answers: 1. (c)
2. (a)

PERFORMANCE OBJECTIVE 48

INFORMATION SHEET

Advertising is important to all types of companies. Through advertising, business organizations keep consumers aware of specific products and services that are available. This type of advertising, which stresses products or services, is called **product advertising**. Advertising may also publicize a firm's name and build a reputation for it. This type of advertising, which builds an image for a business organization without mentioning a specific product, is called **institutional advertising**.

The primary aim of product advertising is to make consumers buy a specific product or use a specific service. But product advertising can be adapted to fit many types of promotional activities. For example, product advertising can be used to:

Support personal selling
Create consumer interest in a company's products or services
Keep the consumer aware of the products and services of an established company
Introduce a product to a new market or age group
Introduce a new business to a community.

Institutional advertising is geared toward establishing and maintaining a company's image, prestige, and public acceptance. Usually, little or no mention is made of a company's product in this form of advertising. At times, the only reference made to the company sponsoring the message is the company name at the end of the ad. Institutional advertising is often concerned with these objectives:

Demonstrating the organization's role in community affairs
Presenting information and viewpoints on public questions
Presenting general or health information of interest to the consumer
Keeping the company's name before the public.

FINDING A CAREER IN MARKETING

Competencies

Describe the benefits of a career in marketing
Describe the many jobs available in marketing
Make a self-assessment of your skills in relation to marketing job requirements
Examine marketing job descriptions
Develop marketing job search objectives and techniques
Development and write a resume and letter of application for a marketing job
Obtain interviews for marketing jobs
Describe and discuss the communications skills needed in marketing
Describe career planning strategies for advancement in marketing

UNIT: FINDING A CAREER IN MARKETING

COMPETENCY: Describe the benefits of a career in marketing.

PERFORMANCE OBJECTIVE 49:

Given classroom discussion and personal assessment, the value of a career in marketing will be discussed.

RESOURCE:

Stull and Hutt. **Marketing: An Introduction.** Chapter 4.

TEACHING ACTIVITIES:

Assign to students the following:

1. Interview a person who works in a position similar to that which interests you. Answer the following questions in the spaces provided.

   Name of Person Interviewed ______________________________

   Type of Industry ____

   Position Held ____

   A. What does the individual like most about his (her) current marketing position?

   B. What does the individual like least about his (her) current marketing position?

   C. What types of work experience did the individual have prior to his (her) present positions?

   D. What education and training is required for an individual to reach a similar position in marketing?

   E. What personal qualities and technical knowledge and experience are necessary for success in this field?

2. Make a list of 20 benefits of a career in marketing.

PERFORMANCE OBJECTIVE 49

EVALUATION

QUESTIONS:

1. A business that buys products for resale is called a

    a. production business.
    b. marketing business.
    c. service business.
    d. government business.

2. The fastest growing segment of the business community includes the

    a. government businesses.
    b. marketing businesses.
    c. production businesses.
    d. service businesses.

Answers: 1. (b)
2. (d)

PERFORMANCE OBJECTIVE 49

INFORMATION SHEET

Marketing consists of many different types and levels of jobs. They are not limited to the familiar jobs found in the marketing of consumer goods and services but are also found in production or manufacturing businesses and in marketing and service businesses as well.

PRODUCTION BUSINESSES

A business that manufactures, constructs, extracts or grows products that are marketed in order to achieve the goals of the company is called a **production business.** Production businesses employ people who specialize in the various marketing functions. Marketing functions performed in production firms include buying, selling, transporting, storing, financing, obtaining and using marketing information, risk bearing, and standardizing and grading.

MARKETING BUSINESSES

A business that buys products for resale is called a **marketing business.** Wholesalers and retailers are primary examples of marketing businesses. Wholesalers buy goods in large quantities from companies that produce them and then market these products in small quantities to retailers and other businesses. Retailers buy products from wholesalers and other companies and sell them to ultimate consumers. The majority of marketing industries are retail businesses.

SERVICE BUSINESSES

The faster growing segment of the business community, in terms of the number of businesses involved and of employment opportunities, is composed of **service businesses.** Service businesses market intangible products to consumers or industrial users. The marketing of services is diversified, includes many different types of business firms, and provides numerous employment opportunities. Examples of service businesses include these:

1. Hotels, motels, restaurants, and amusement parks which provide lodging, food service, and recreation;
2. Advertising agencies, display specialists, and transportation firms that perform services for just about every type of business organization;
3. Banks and other financial institutions, credit agencies, insurance and real estate companies, and travel agencies that provide services to consumers and business firms;
4. Automobile service and repair shops and dry cleaning and laundry establishments that perform services on the possessions of their customers;
5. Beauty salons, barbershops, photography studios, and health clubs which provide personal services for customers.

UNIT: FINDING A CAREER IN MARKETING

COMPETENCY: Describe the many jobs available in marketing.

PERFORMANCE OBJECTIVE 50:

Given class discussion, examples of the many jobs available in marketing will be described.

RESOURCE:

Stull and Hutt. **Marketing: An Introduction.** Chapter 4.

TEACHING ACTIVITIES:

1. Assign the following:

   Construct a career plan for a marketing position in which you are interested. If available, use the **Occupational Outlook Handbook** to help construct your plan. Include the following information in your plan.

   A. What is your career goal? Into which major specialized marketing area does your career goal fit?

   B. Identify the specific duties and tasks involved in this position. Do you think that you would enjoy performing these task?

   C. Outline the working conditions you will encounter in this type of position.

2. Make a list and describe at least 15 jobs in marketing.

PERFORMANCE OBJECTIVE 50

EVALUATION

QUESTIONS:

1. A brief statement listing what a worker does in a specific job is called?

    a. Job referral
    b. Job interview
    c. Job description
    d. Resumé

2. The classification of a marketing job is usually **not** based on

    a. knowledge of products and services.
    b. supervisory responsibilities.
    c. knowledge of marketing functions.
    d. its salary range.

Answers: 1. (c)
2. (d)

PERFORMANCE OBJECTIVE 50

INFORMATION SHEET

There are hundreds of different job titles which can be classified as marketing jobs. There are also many different levels of jobs in marketing -- some relatively simple, others more complex. Jobs in marketing can be described as entry level, career sustaining, specialized, and managerial. As an employee moves from the entry level through the career sustaining level to the managerial level, jobs become more complicated, usually requiring more training and experience.

In addition to training and experience, other factors determine the classification of a job. Other factors include:

1. **Nature of employment.** Is the position full- or part-time? Are there any educational or training requirements for a person functioning at this level?

2. **Knowledge of products or services.** How much product or service knowledge is required of a worker in this position?

3. **Supervisory responsibilities.** Is the person holding this position responsible for supervising others?

4. **Marketing techniques.** Does the position require knowledge of, or skills in, marketing functions? How much knowledge or what level of skill is needed?

5. **Decision making.** What is the level of responsibility in this position? Are decision making skills required? How is the worker responsible for the success or profitability of the business?

ENTRY LEVEL MARKETING JOBS

Entry level jobs in marketing require little specialized training or experience and involve routine duties. Many entry level jobs provide only part- time employment. An employee at this level is not usually expected to use many decision making skills. Examples of job titles in this category are fast food counter worker, part-time retail salesperson, gift wrapper, hotel bellhop, theater ticket agent, supermarket bagger, baggage porter, and automobile service station attendant. A **job description** is a brief statement listing what a worker does in a specific job.

CAREER SUSTAINING MARKETING JOBS

Career sustaining jobs usually require more education, training, and experience than entry level jobs and are often full-time. Jobs in this category require a basic understanding of marketing functions as well as knowledge of the products and services being marketed.

These jobs require more responsibility and pay higher wages. Successful performance at this level may lead to a higher level position and managerial responsibilities with increased earnings. Examples of jobs in this category are: full-time retail salesperson; automobile salesperson, route salesperson; bank teller; and travel agent.

PERFORMANCE OBJECTIVE 50

SPECIALIZED MARKETING JOBS

Specialized jobs in marketing involve the performance of tasks that require extensive technical knowledge of the products and services. The jobs also require training and experience in specific marketing functions such as merchandising, advertising, and management. Often supervisory responsibilities are involved in the jobs. Examples are: retail department manager; fashion coordinator; retail buyer; advertising specialist; and securities sales agent.

MANAGERIAL MARKETING JOBS

Persons in these jobs usually have extensive knowledge of the products and the services they are marketing. Jobs in this category require continuous decision making and a thorough knowledge of all marketing functions. Examples of job titles are: retail store manager; advertising manager; marketing manager; wholesale manager; and hotel/motel manager.

UNIT: FINDING A CAREER IN MARKETING

COMPETENCY Make a self-assessment of your skills in relation to marketing job requirements.

PERFORMANCE OBJECTIVE 51:

Given class discussion and instructions, a self assessment will be done and compared to general marketing job requirements.

RESOURCE:

Stull and Hutt. **Marketing: An Introduction.** Chapter 4.

TEACHING ACTIVITIES

Assign the following for class discussion:

1. Discuss what a skill is and the types of skills needed for marketing jobs.
2. Discuss aptitudes and abilities needed in working with data, people, or things.
3. Assign students to complete a written self assessment of their skills in relation to marketing job requirements.

EVALUATION

QUESTIONS:

1. In considering marketing jobs, a person should consider all of the following except

   a. interests.
   b. personality.
   c. abilities.
   d. physical problems.

2. By competent, most employers mean that a person has which of the following to perform a job?

   a. Knowledge and skills
   b. Educational credentials
   c. Personal motivation
   d. Experience

Answers: 1. (d)
2. (a)

PERFORMANCE OBJECTIVE 51

INFORMATION SHEET

In examining various marketing job opportunities, you should look closely at your interests, personality, and abilities. Interests are those activities that you enjoy. For example, if you like activities that involve leading, managing, and persuading others, you may be drawn to a career in marketing. On the other hand, if you like activities that involve only a few persons -- playing bridge or other games requiring mental exercise -- you probably should seek employment in a structured setting where you will process information or work with numbers. In this case, a marketing career would not be attractive to you. Guidance counselors at your school should be able to help you determine your career interests. Most school counselors are trained to give vocational interest tests which will help you assess your potential career interests.

Personality is also important in your choice of a career. Your personality is the sum of all your personal traits, attitudes, and habits that make you different from others. If you like to work with people and are aggressive and outgoing, you may be suited for a career in one of the marketing fields.

In order to successfully complete a task you must have the ability to perform the task. To have the ability to be successful at a job means that you have the knowledge and skill--you are competent--to accomplish the tasks required for the job. Ability can be natural or acquired (learned) through education and training. Different marketing positions require different levels of ability. A simple entry level job, which involves performing routine duties such as bagging groceries, requires minimum ability. What you must do in this type of job can be learned easily through work experience. On the other hand, if you are attracted to a specialized position or a management position in marketing you will require additional education and training along with experience. Some positions have state licensing requirements for which formal education and training are necessary. For example, to sell real estate, insurance, or securities, you must pass a rigorous state examination in order to acquire a license.

To summarize you should always be alert to any changes in your interests, personality, and abilities that can affect your career choice or alter your plans for higher education.

UNIT: FINDING A CAREER IN MARKETING

COMPETENCY: Examine marketing job descriptions.

PERFORMANCE OBJECTIVE 52:

Given class discussion, describe how to examine marketing job descriptions.

RESOURCE:

Stull and Hutt. **Marketing: An Introduction,** Chapter 4.

TEACHING ACTIVITIES:

Assign the following project:

1. List several jobs in which you believe you have ability and interest and state why. Locate a copy of the **Dictionary of Occupational Titles** or the **Encyclopedia of Careers** and **Vocational Guidance.** Prepare a form like the one below. From your reference, select four marketing jobs. In the left-hand column, list the title of each job. In the center column, write a brief description of the job. In the right-hand column, state the abilities you have for the job and why it interests you.

Job Title	Description	Your Ability and Interest
Travel agent	Assists people taking trips by planning itineraries, making reservations, and obtaining tickets.	I like detail work and enjoy helping people with plans. I like to travel.

2. Using newspapers and magazines, cut out or copy 5 ads for marketing positions. Write an expanded job description for each ad.

PERFORMANCE OBJECTIVE 52

EVALUATION

QUESTIONS:

1. Job requirements are often stated in terms of

   a. geographic locations.
   b. sales expectations.
   c. worker competencies.
   d. educational background.

2. Which of the following abilities or skills would an entry level job in marketing require?

   a. Basic reading and writing skills
   b. The ability to program a computer
   c. The ability to complete a merchandising plan
   d. The skills needed to create and advertise

Answers: 1. (c)
2. (a)

PERFORMANCE OBJECTIVE 52

INFORMATION SHEET

To successfully follow a career in marketing, you need to be aware of the requirements for job entry and advancement. Job requirements are often stated in terms of worker competencies. Competencies in the marketing field generally fall into five major areas: (1) marketing competencies, (2) social skill competencies, (3) basic skill competencies, (4) product or service competencies, and (5) competencies relating to understanding basic economic concepts involved in marketing. The level of the position will determine how much you must know and what skills you must have in order to be successful. The more complex the job the greater the level of competency required in each of these areas.

Once you determine the level of competency needed in your chosen career field, you can evaluate your level of skill and knowledge from the table. You will then be able to strengthen your skills in those areas which need improvement. Prospective employers will be impressed if they see that you understand both the competencies required for the job and your personal abilities in relation to the knowledge and skills needed for successful performance.

UNIT: FINDING A CAREER IN MARKETING

COMPETENCY: Develop marketing job search objectives and techniques.

PERFORMANCE OBJECTIVE 53:

Given class information, describe several basic methods to use in finding marketing jobs. Techniques in searching for marketing jobs will be described to include want ads, government and private agencies, personal contacts, school placement offices, and cold canvassing.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing**, Chapter 16.

TEACHING ACTIVITIES:

Assign the following projects:

1. Name at least six persons you know whom you could ask for help in finding a full-time job. Also identify several local organizations or agencies you could contact for help in finding a job.
2. Name two jobs found in each of these categories: buying, selling, and marketing research. Describe three of the jobs you named, and list three competencies required for each.

EVALUATION

QUESTIONS:

1. To keep track of marketing job opportunities, which of the following is helpful?
   a. Newspaper want ads
   b. Class notes
   c. A membership list
   d. A prospect list
2. Which of the following is a government employment service available to the public?
   a. South Carolina Employment Security Commission
   b. South Carolina Workers' Compensation Commission
   c. U. S. Social Security Office
   d. South Carolina Labor Board.

Answers: 1. (d)
2. (a)

PERFORMANCE OBJECTIVE 53

INFORMATION SHEET

One of the keys to your success in obtaining a marketing job is your ability to prospect for appropriate job openings. A prospect list will help you keep track of job opportunities. A **prospect list** includes the names of employers who may offer jobs that correspond to your interests and educational background. As shown in the sample entry below, you should include the name of a business, its address and telephone number, the names and titles of persons to contact, and background information on the business.

Name: A.H. Business Machines
Address: 1640 South Main Street, Littleton, CO 80120-3619
Telephone number: (303) 555-4532
Contact person: Barbara Epting, owner
Background information: Specializes in selling and servicing all types of business machines. Fifteen employees, ten in sales and five in support activities. Potential job opening in sales to educational institutions.

Your prospect list should not be composed solely of businesses with existing job openings. Companies frequently have positions for which they are not yet recruiting. Some business firms will even create openings, especially for trainees, when a well qualified person applies. Many also keep an active file of job applicants in order to fill positions that become available when employees leave their jobs for various reasons.

There are a number of sources of employment information that will help you develop a good prospect list. These include (1) the classified section of the newspaper, (2) state employment agencies, (3) private employment agencies, (4) friends and relatives, (5) school placement offices, and (6) cold canvassing.

UNIT: FINDING A CAREER IN MARKETING

COMPETENCY: Develop and write a resume and a letter of application for a marketing job.

PERFORMANCE OBJECTIVE 54:

Given class discussion and information, write a resume and a cover letter for a marketing job.

RESOURCES

Lynch, Ross and Wray. **Introduction to Marketing,** Chapter 12.
Stull and Hutt. **Marketing: An Introduction,** Chapter 1.

TEACHING ACTIVITIES

1. Assign the following project:

   Visit three different types of marketing businesses such as a supermarket, travel agency, and a wholesaler. Ask the manager or owner of each business the following questions.

   a. What are the three important personal qualities an employee at your company should have?

   b. What task oriented skills do you expect new employees to have?

   c. What can your employees expect from you in the line of benefits, promotions, and salary increases?

   d. What qualities does an employee need in order to be a success in your business?

2. Write a resume for a marketing position.

3. Write a letter of application for a marketing job listed in the newspaper.

PERFORMANCE OBJECTIVE 54

EVALUATION

QUESTIONS:

1. Another name for a personal data sheet is a

    a. job application.
    b. resume.
    c. reference.
    d. career objective.

2. A statement that describes the type of position you want and your career goals is called a

    a. work experience.
    b. personal qualities.
    c. career objective.
    d. resume.

Answers: 1. (b)
2. (c)

PERFORMANCE OBJECTIVE 54

INFORMATION SHEET

The Letter of Application

The ability to write a good letter of application is an important job search skill. A **letter of application** is sent with your personal data sheet to a prospective employer. A letter of application should not be long, but it must get the employer's attention and convince the prospective employer that you are the person for the job.

The first paragraph of a letter of application should arouse interest and indicate the job for which you are applying. If you have had previous work experience in marketing, this should also be mentioned. An example of an opening paragraph follows.

> Are you interested in employing a hardworking person who has training and experience in marketing and sales and who is willing to start at the bottom and work up? My background includes two years of study in marketing in high school plus on the job experience as a salesperson at the Emporium Department Store. I believe that this background qualifies me for consideration for the sales position that you advertised in Friday's **Herald Journal.**

The second paragraph of a letter of application should explain your background and personal qualifications in more detail. Personal qualifications should relate to your ability to perform the duties of the job. You should include information about school activities or memberships in organizations that demonstrates your ability to work with other people. For example, if you participated in your school's DECA competition, this information should be included here. If you have previous work experience in marketing or a related field, you should explain the job duties and responsibilities that were involved. Have you supervised other workers? Were you the top salesperson? What skills did you acquire that would be valuable to your prospective employer?

The third paragraph should inform the employer that you are enclosing a copy of your personal data sheet for review.

The final paragraph of your letter should resemble a close in a sales presentation. You may ask for action on the part of the prospective employer and include your telephone number or address so that the employer can contact you. Examples of closing statements include the following: (1) I will call on Friday to determine the best time for an interview. (2) May I have an interview at your earliest convenience? I can be contacted by telephone at (515) 555-3454 or by mail at P.O. Box 282, Des Moines, IA 50305-0282.

A letter of application should be typed. It is a good idea to have someone else, perhaps a teacher or parent, check your letter for clarity, accuracy in spelling and grammar, any typographical errors, and general tone.

PERFORMANCE OBJECTIVE 54

INFORMATION SHEET (Continued)

The personal data sheet or resume

Most products require advertising. If people do not know these products exist, they cannot buy them. A personal data sheet advertises the most important product of all--you! The purpose of a personal data sheet is to get potential employers interested in hiring you. The data sheet you develop should be designed to attract and hold the attention of prospective employers by providing a positive overview of your background and job qualifications.

A **personal data sheet** is a one- or two page typed document that presents your abilities, qualifications, accomplishments, and career goals. A data sheet will help you organize and better understand your qualifications and skills. If properly completed, it will also help you fill out employment applications quickly and accurately. Most importantly, a personal data sheet shows prospective employers that you are organized, prepared, and serious about your career. It may make the difference between getting or not getting an interview. A personal data sheet contains several major sections.

HEADING

The heading includes your name, address, telephone number, and social security number. This section usually appears at the top of a personal data sheet.

CAREER OBJECTIVE

A **career objective** is a statement that describes the type of position you are currently applying for and your ultimate career goal. The position you are applying for should be closely related to your career goal.

EDUCATION AND TRAINING

This section of the data sheet describes your education and any training you have received that relates to the position listed in your career objective. List your most recent education and training first. Be as precise as possible. Identify the specific skills you have acquired as a result of your education and training.

WORK EXPERIENCE

All full- and part-time work experience should be recorded in this section. List your most recent employer first. For each employer, provide the dates of employment, your job title, and a brief explanation of your specific responsibilities.

EXTRACURRICULAR ACTIVITIES

In this section you should identify all extracurricular activities in which you are involved such as membership or participation in school activities, various organizations or clubs, or community service groups.

HONORS AND SPECIAL ACHIEVEMENTS

Be sure to list any honors you have received in school or from the community and list any special achievements.

UNIT: FINDING A CAREER IN MARKETING

COMPETENCY: Obtain interviews for marketing jobs.

PERFORMANCE OBJECTIVE 55:

Given class discussion and information, describe the process of obtaining interviews for marketing jobs.

RESOURCE:

Lynch, Ross and Wray. **Introduction to Marketing.** Chapter 15.

TEACHING ACTIVITIES:

1. Assign the following for class discussion.

   Using as a basis a small business in your community--travel agency, restaurant, gas station, bank, or clothing store--describe the marketing and management tasks that people do in that business. What and how many marketing activities does each person perform? What education or training experiences does each person need to perform those task?

2. Describe the process to obtain an interview for a marketing job.

EVALUATION

QUESTIONS:

1. In preparing for a job interview, which of the following is most important?

   a. A neat clean appearance
   b. An extensive knowledge of marketing history
   c. A printed resumé
   d. Clothes in the latest fashion

2. As reference for filling out an application, it is always wise to bring an extra

   a. letter of application.
   b. personal data sheet or resumé.
   c. list of courses taken in school.
   d. set of personal references.

Answers: 1. (a)
2. (b)

PERFORMANCE OBJECTIVE 55

INFORMATION SHEET

A job interview is similar to a sales presentation. Before you go to an interview, have a thorough understanding of your career goals and your qualifications for the job. You should also do some research on the business and acquire a basic knowledge of its product or service. Be prepared to answer standard questions such as "How will you contribute to the success of our business?" or "Why do you want to work for us?" Even though the prospective employer may have already seen and reviewed a copy of your personal data sheet, it is always wise to take another copy with you to the interview. You may have to complete an application form, or the interviewer may ask you specific questions that you can answer by referring to your data sheet.

Allow as much time for the interview as it may require. For example, avoid parking your car in a limited time space. Select what you will wear to the interview in advance. Your appearance is extremely important. Dress conservatively. Do not underdress or overdress. If you are uncertain, ask your parents or a teacher for advice. Men should wear a dress shirt, a tie and sports coat, clean and well pressed trousers (not jeans), and dress shoes. If you need a haircut, have one before the interview. Women should wear a dress or suit and stockings. Do not wear sandals. Be sure your hair is properly groomed and avoid the overuse of makeup.

UNIT: FINDING A CAREER IN MARKETING

COMPETENCY: Describe and discuss the communications skills needed in marketing.

PERFORMANCE OBJECTIVE 56:

Given classroom discussion, describe the communications skills needed in marketing.

RESOURCES:

Lynch, Ross and Wray. **Introduction to Marketing**, Chapter 12.
Stull and Hutt. **Marketing: An Introduction**, Chapter 1.

TEACHING ACTIVITIES:

1. Assign the following for class discussion:

   Discuss the role of marketing management in a small business or for a manager or assistant manager of a department in a large business. If possible, interview such a person and see how he or she views the management role. Approximately how much of the manager's overall time is devoted to planning? Organizing? Directing? Controlling? What other tasks must the person perform?

2. Read the article below and respond to the questions that follow it.

NO SERVICE, NO SMILES

By Dolph Zapfel

As a consumer (along with my wife, who has the ability and stamina to out-shop me at least four-to-one) of a considerable volume of goods of one kind or another over a given period of time, I have a gigantic bone to pick with retailers who expect me to spend my money with them without offering even a smidgin of service in return.

"Self-service" is what they call it, which of course means you pay for the privilege of waiting on yourself. What they want you to do is to walk into their stores, find what you want without any help whatsoever - because there isn't a salesperson around anywhere - and then suffer the further indignity of going to the checkout desk and waiting in line interminably because there is usually only one checkout person to perform that task.

Here's one example among many. Recently I set out to buy a Presto deep fryer as a gift at a shopping mall Marshall Field store. After I had scouted the housewares department for fully 10 minutes to no avail, a moving (more or less) body in the form of a salesclerk appeared out of nowhere. I was so surprised, I thought I was being mugged.

When I recovered from the shock, I told her what I was seeking. She appeared perplexed and said, "We have a fryer here somewhere, but what exactly is a Presto?" She was not a young girl. She had been around long enough to remember Herbert Hoover and to know what a Presto is, but I wasn't about to spend the next 5 minutes trying to explain.

Instead, I excused myself with as much civility as I could and went to the nearest True Value hardware store. There I found an intelligent clerk who actually knew what a Presto deep fryer is, knew where to find it, and actually could talk intelligently about some of the product's more important features.

Later that week, I decided to visit one of Sears' newly renovated and much touted "stores of the future," which are supposed to be the ultimate in up-to-date merchandising and display. That's what Sears says it is and they are spending fistfuls of dollars trying to convince us that it is.

It is certainly the ultimate in display because all related products are there in confusing abundance. The trick is to find exactly what you want in that jungle of racks and shelves of merchandise without at least some minimal help from a salesperson. I couldn't locate a single clerk in that confusing morass of products. The only live body anywhere in sight was the one behind the checkout counter, and I wasn't sure about her.

I don't think I am alone in my opinion about the dismal road we are traveling toward more and more self-service, especially on the part of the old-line traditional retailers who used to pride themselves on offering service above all.

They all seem to have taken a page out of the discounter's way of doing business, where service of any kind has been almost a dirty word right from the start. The off-pricers never even made a pretense of offering service, but at least their excuse was that they were able to offer the "lowest of low prices."

All that is well and good if that is the way they want to operate and if the consumer is willing to accept it. But I think it is unconscionable for the department stores to ape the discounters, not only in the way everything is displayed (you can't tell what store you are in anymore) but also in nonexistent service.

If the traditional retailers feel that is to be the merchandising wave of the future, they will be driving more and more consumers, who simply refuse to accept that kind of ignominious shopping with their hard-earned dollars, into the waiting arms of the smaller specialty stores. There someone still greets you, says, "May I help you?" and then proceeds to do just that to make shopping once more a delight and a real pleasure instead of a horror trip.

I know all the reasons advanced for the self-service explosion. By forcing you to serve yourself, "we are able to offer you low prices," "good help is hard to find," etc. I think that's a bunch of buffalo chips. I suspect the real reason is that they don't want to pay good help enough even if they found it.

A final sad note. In commenting on the "store of the future," one top Sears official was even quoted as saying that some of the departments were set up so efficiently that they wouldn't require any salesperson at all. He should be ashamed of himself and be forced to go into a self-service hospital to take out his own appendix.

Source: HFD, *December 26, 1983, p. 67.*

PERFORMANCE OBJECTIVE 56

1. What happened at the first store when the author tried to make a purchase?

2. Where did he finally make his purchase and why?

3. What did the author object to on his visit to a self-service store?

4. You own a retail store. Describe three or four things you would do to improve the selling effort in your store.

EVALUATION

QUESTIONS:

1. A big problem in effective listening is
    - a. lip reading.
    - b. daydreaming.
    - c. body position.
    - d. head position.
2. At what rate of speed does the average person speak?
    - a. 100 to 200 words per minute
    - b. 200 to 300 words per minute
    - c. 300 to 400 words per minute
    - d. 400 to 500 words per minute

Answers: 1. (b)
2. (a)

INFORMATION SHEET

People spend most of their working hours conversing, listening, reading, and exchanging information. With so much practice, it is amazing that people are not better at listening and communicating. But the truth is that many messages are distorted, misunderstood, left incomplete, or ignored in the communication process.

What you think you hear others say and what they actually say often are not the same. Similarly, what you mean to say and what you actually say may differ. Also, what you actually say often is different from what other people hear. In fact, studies show that the average person hears about half of what is said.

One of the biggest deterrents to effective listening is daydreaming. Daydreaming occurs because while the average person speaks at the rate of 100 to 200 words a minute, the average listener is capable of processing information at a rate that may be three times as fast.

To overcome this natural tendency to daydream, think about the speaker's comments as they are being made. Decide whether you agree with the facts and conclusions being presented. Mentally summarize important points. Practice learning to read between the lines. What really is being emphasized? Watch facial expressions and body movements in order to pick up any additional meaning that the speaker may not have included in the actual presentation. In a two-way conversation (as opposed to just listening, say, to a lecture), be sure to ask for clarification. Restate or summarize important parts. "Let me just be sure that I understand, Rita. You want me to..."

Of course, effective communications involve more than just listening. Communication is a two-way process. It is the responsibility of both participants to make it work successfully. In successful communication exchanges, the listener understands the message in the same way that the speaker intends it to be understood.

UNIT: FINDING A CAREER IN MARKETING

COMPETENCY: Given class information, describe a strategy to be used in planning for advancement in marketing.

PERFORMANCE OBJECTIVE 57:

Given class information, describe a strategy to be used in planning for advancement in marketing.

RESOURCE:

Meyer et al. **Retailing Principles and Practices,** seventh edition, pp. 3-4, 269-270.

TEACHING ACTIVITIES:

1. Assign students to develop career ladders for their chosen careers and to report to the class on their findings.
2. Assign students to each select a particular marketing job and then trace the career path that advancement could take, using a typical company organizational chart.
3. Assign students to develop plans that assess the skills needed for immediate and ultimate objectives; these career-advancement plans should include an evaluation of the training needed to acquire those skills.

EVALUATION

QUESTIONS:

1. A series of jobs at different occupational levels that lead to an occupational goal is called a/an

   a. competency.
   b. aptitude.
   c. career ladder.
   d. organizational chart.

2. The organization pattern that tells who is responsible for what and who reports to whom is called a

   a. line of authority.
   b. career ladder.
   c. career lattice.
   d. budget.

Answers: 1. (c)
2. (a)

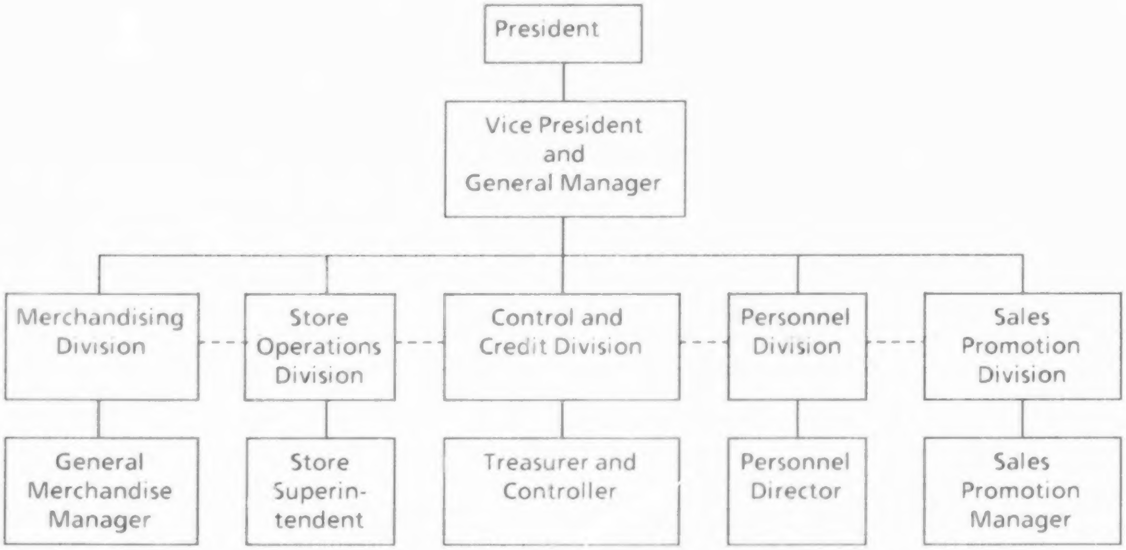
PERFORMANCE OBJECTIVE 57

INFORMATION SHEET

In the course of a career, a person may have several different jobs. These jobs can provide the experience needed for getting ahead, or climbing up a career ladder. A **career ladder** is made up of a series of jobs at different occupational levels that lead to an occupational goal. The first rung on the ladder is an entry-level job, the base on which to build a career in a particular field. On higher rungs of the ladder are career-level jobs, while others use them as rungs on the way to management positions.

In a career, not every step is a step up. Sometimes people have to move sideways in order to achieve their career goals. This type of sideways move is known as a **career lattice.**

It is important that you be able to identify the type of organization your firm operates under and where you fit in that organization. Frequently the lines of responsibility in an organization are shown in a chart or diagram. An **organization chart** shows graphically the overall organizational pattern and the responsibilities assigned to each position in the firm. The following is a typical organization chart:



BIBLIOGRAPHY

BIBLIOGRAPHY

Hutt, Roger W. **Starting Your Own Business.** Cincinnati: South-Western Publishing Co., 1988.

Lynch, Richard L., and Herbert L. Ross and Ralph D. Wray. **Introduction to Marketing.** New York: McGraw-Hill Co., Inc, 1984.

Mason, Ralph and Patricia Rath and Herbert Ross. **Marketing Principles and Practices.** New York: McGraw-Hill Book Company, 1980.

Stull, William A. and Roger W. Hutt. **Marketing: An Introduction.** Cincinnati: South-Western Publishing Co., 1986.

Office of Vocational Education. **Job Seeking — How and Where?** Columbia, South Carolina: South Carolina Department of Education. July, 1981.